

EFFECT OF MINIMART ON ECONOMY OF DELTA STATE

NWANNKWOCatherine Nkechi¹, AKINROLUYOBankole Isaac²

cn.nwankwo@unizik.edu.com¹bi.akinroluyo@unizik.edu.com²

Department of Business Administration, Nnamdi Azikwe University, Awka, Nigeria^{1&2}

Abstract

The study examined the effect of minimart on economy of Delta State. The specific objectives are to: Ascertain the influence of credit facilities to minimart operator on gross domestic product and to investigate effect of tax waiving to minimart operator on employment rate. The data employed for the study was primary data. This study considered the total minimart and maximart enterprises in Asaba as population of the study and with this according to Ministry of Commerce and Industry, there are 82 registered minimart and minxmart enterprises in the state capital and purposive sampling technique was adopted to determine the sample size. The data analysis method used in this study is Chi-square. The study revealed that 27.5% and 45.0% of the respondents strongly agreed and agreed respectively that Minimart enterprise is a fast growing business in the state while 15.0%, 7.5% and 5.0% of the respondents were undecided disagreed and strongly disagreed respectively with this statement, it was also revealed that there is no credit facilities by government for Minimart enterprise owners in the state given that 17.5% of the respondents agreed respectively that there is credit facility by government for Minimart enterprise owners in the state while 10.0%, 40.0% and 32.5% of the respondents were undecided, disagreed and strongly disagreed to this. The study recommended that: The State Government should provide credit facilities that will make the development and expansion of minimart to maximart and create more branches across the state.

Keywords: Economy, Credit facility, tax Waiving & Gross Domestic Product.

1. Introduction

Today the business is growing rapidly minimarket with the development of socioeconomic conditions of society, and changes in value systems that result in changes to the pattern of life and needs of the community. In meeting the needs and desires, people tend to prefer a wide range of modern facilities expenditures. Thus increasing the number of modern minimarket store increasingly cornered the existence of traditional retail stores are stand-alone and based on social economy. Minimart is one of the fastest growing business channels of modern retail in Nigeria. It is one of the modern retail formats that currently flourishing. Minimart is a modern retail business; the size is no more than 400 m²; selling fast moving consumer goods at retail; can be built on any road network, including the local road network system or in a residential neighborhood. Based on the location or road classification, this rule allows to build minimart anywhere in the city. The minimart can also be described as retailing business (Oltmans, 2013).

However, retailing operation gives impact on people lives. Retail business is a direct sale of goods in an outlet such as; kiosk, stall, traditional and modern market, department store, and boutique. It includes delivery services, which supply consumers for personal consumption. Early 1970s was the beginning of massive changes in retail businesses of western countries. Retail market started changing in the west and east part of the world, America (Oltmans, 2013), Europe, Africa, and Asia (Reardon, et.al, 2004). The 20th century was a decade of change for grocery retailing in Asia. More than ten years, throughout Asia, the rapid changes in the retail grocery business were recorded, driven by the retailer's investment in the establishment of new stores. The modern market growth rate in developing countries become a topic of interest because of its impact on agriculture, business, other retailers, welfare and nutrition (Traill, 2006). The retail business sector gives a substantial contribution to Gross Domestic Product (GDP) in the State as well as Nigeria.

One of the problems facing the minimart enterprises in the state is lack of credit facilities needed to development the enterprises as many people will prefer patronizing the minimart rather than going for any other traditional enterprises. Moreover, the availability of credit facilities will support the growing and establishment of many more

minimart enterprises in the state. Also, tax bills impose on minimart operators in the state is another problem facing this enterprises due to the fact that government see the enterprise as modern and redefined business which will serve as revenue generation sector for the government. As a result of the above, this study wants to examine the effect of minimart on Delta State economy.

It is against these identified challenges that this study seek to examine the effect of minimart business operation on Delta State economy.

The specific objectives are to:

1. Ascertain the influence of credit facilities to minimart operator on gross domestic product.
2. Investigate effect of tax waiving to minimart operator on employment rate

2 Literature Review

An Overview of Retailing Business

Retail is the set of business that adds value to the products and services to the consumer for their family and personal use (Levy and Weitz, 2012). Most people noticed that retailing is a process of buying and selling of goods or products in a shop, both physical shops, and online shops. Retailing becomes a necessity in human life. Without it, the people will have difficulty in fulfilling the needs of our lives.

Retail business is a global business; it has an enormous economic and social importance. Retailing improves the standard of living and increases employment, investment, and innovations. It is responsible for anchoring urban regeneration in many parts of the country and embodies the spirit of competition (Oltmans, 2013). Retailing is operating through various single outlet entrepreneurial businesses, but the sector also contains some of the world largest companies. For consumers, retail development simply provides a more convenient place and the way to shop. For practical purposes, shopping is necessary to obtain a substantial majority of the goods and services required by modern households. It is also a form of an essential part of social interaction. Retail business is individual to human life. An activity serves the final consumer. Coverage in the retail business is quite

broad, covering the activities of modern retailing and traditional retailing. In modern retailers, it includes hypermarkets, supermarkets, minimart and convenience store, and department stores. In traditional retailers, it includes traders in the traditional/wet market, traders at the traditional shop with a relatively small size, merchant stalls are small, and peddlers use a car or motorcycle, and so forth ((Oltmans, 2013).

Retail Operations

The philosophy of operating retail stores is to serve the customer. This means that a retailer should be the purchasing agent for the customer rather than the distributing agent for the manufacturer. Therefore, the store merchandise should be purchased that customers want rather than the merchandise that the manufacturer wants the retailer to carry. Retailers that can satisfy their customer needs assure themselves as a greater probability of success. Harris and Walters (1992) have classified the various tasks involved in retail operations. Their work with a former director of Tesco has led to the development of a positioning for profit model specifically for use by retailers (Harris & Walter, 1992). Their work identifies the functional strategies that make up the model. Many studies of small retailers and, in particular, independently owned companies have become the focus for recent work. For instance, Megick (2001) identified six retail operations clusters in his analysis:

1. Merchandise and range;
2. Service and quality lines;
3. Active marketing;
4. . Low price and incentives;
5. Local involvement; and
6. Unique products.

3. Methodology

The study embraces a descriptive survey which is questionnaire based technique to sample opinion and derive answers to the problem. The data employed for the study was primary data. The primary data were response gathered from minimart owners, managers

and workers through the administration of structured questionnaire. This study considered the total minimart and maximart enterprises in Asaba as population of the study and with this according to Ministry of Commerce and Industry, there are 82 registered minimart and maximart enterprises in the state capital and purposive sampling technique was adopted to determine the sample size. Therefore, the sample size to be used for the study was 82 minimart and maximart enterprises in the state capital.

The data analysis method used in this study is Chi-square method was used to determine the level of significant relationship between dependent variable and independent variable.

4. Presentation of Data and Discussion of Findings

Table 1: Minimart enterprise is a fast growing business in the state

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Agreed	22	27.5	27.5	27.5
Agreed	36	45.0	45.0	72.5
Undecided	12	15.0	15.0	87.5
Disagreed	6	7.5	7.5	95.0
Strongly Disagreed	4	5.0	5.0	100.0
Total	80	100.0	100.0	

Table 1 above revealed that 27.5% and 45.0% of the respondents strongly agreed and agreed respectively that Minimart enterprise is a fast growing business in the state while 15.0%, 7.5% and 5.0% of the respondents were undecided disagreed and strongly disagreed respectively with this statement. This means that minimart enterprise is a fast growing business in the state

Table 2: There is credit facilities by government for Minimart enterprise owners in the state

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Agreed	14	17.5	17.5	17.5
Undecided	8	10.0	10.0	27.5
Disagreed	32	40.0	40.0	67.5
Strongly Disagreed	26	32.5	32.5	100.0
Total	80	100.0	100.0	

Table 2 above showed that 17.5% of the respondents agreed respectively that there is credit facility by government for Minimart enterprise owners in the state while 10.0%, 40.0% and 32.5% of the respondents were undecided, disagreed and strongly disagreed to this. This means that majority of the respondents believe that there is no credit facilities by government for Minimart enterprise owners in the state.

Table 3: Minimart enterprise contribute significantly to the economic development of the state

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Agreed	15	18.8	18.8	18.8
Agreed	40	50.0	50.0	68.8
Undecided	11	13.8	13.8	82.5
Disagreed	10	12.5	12.5	95.0
Strongly Disagreed	4	5.0	5.0	100.0
Total	80	100.0	100.0	

Table 3 discovered that 18.8% and 50.0% of the respondents strongly agreed and agreed respectively that Minimart enterprise contribute significantly to the economic development of the state while 13.8, 12.5 and 5.0% of the respondent were undecided,

disagreed and strongly disagreed respectively. This implied that Minimart enterprise contribute significantly to the economic development of the state

Table 4: The state gross domestic product has increased in recent time as a result of establishment of minimart enterprises

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Agreed	28	35.0	35.0	35.0
Agreed	30	37.5	37.5	72.5
Undecided	4	5.0	5.0	77.5
Disagreed	14	17.5	17.5	95.0
Strongly Disagreed	4	5.0	5.0	100.0
Total	80	100.0	100.0	

Table 4 above revealed that 35.0% and 37.5% of the respondents strongly agreed and agreed respectively that the state economic has increased in recent time as a result of establishment of minimart enterprises which lead to increase in gross domestic product while 5%, 17.5% and 5% of the respondents were undecided, disagreed and strongly disagreed respectively. This means that the state economic has increased in recent time as a result of establishment of minimart enterprises which lead to increase in gross domestic product.

Table 5: The minimart establishment has reduced the rate of employment in the state

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Agreed	29	36.2	36.2	36.2
Agreed	43	53.8	53.8	90.0

Undecided	8	10.0	10.0	100.0
Total	80	100.0	100.0	

Table 5 displayed that 36.2% and 53.8% of the respondents strongly agreed and agreed respectively that the minimart establishment has reduced the rate of employment in the state while 10% of the respondents were undecided. The indicate that the minimart establishment has reduced the rate of employment in the state.

Table 6: Government provided enabling environment for minimart business owners

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Agreed	7	8.8	8.8	8.8
Agreed	14	17.5	17.5	26.2
Undecided	17	21.2	21.2	47.5
Disagreed	38	47.5	47.5	95.0
Strongly Disagreed	4	5.0	5.0	100.0
Total	80	100.0	100.0	

The result from table 6 above showed that 8.8% and 17.5% of the respondents strongly agreed and agreed respectively that Government provided enabling environment for minimart business owners while 21.2%, 47.5% and 5.0% of the respondents were undecided, disagreed and strongly disagreed respectively.

This implies that Government did not provided enabling environment for minimart business owners.

Table 7: Government impose a tax waiving on minimart business owner

	Frequency	Percent	Valid Percent	Cumu lative Percent
Valid Strongly Agreed	1	1.2	1.2	1.2
Agreed	1	1.2	1.2	2.5
Undecided	18	22.5	22.5	25.0
Disagreed	34	42.5	42.5	67.5
Strongly Disagreed	26	32.5	32.5	100.0
Total	80	100.0	100.0	

Table 7 above discovered that 1.2% of the respondents were both strongly agreed and agreed at the same time that Government impose a tax waiving on minimart business owners while 22.5%, 42.5% and 32.5% of the respondents were undecided, disagreed and strongly disagreed respectively. This indicates that Government did not impose a tax waiving on minimart business owners.

Table 8: There is improvement in the standard of living among workers of minimart enterprises in the state

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Agreed	31	38.8	38.8	38.8
Agreed	41	51.2	51.2	90.0
Undecided	8	10.0	10.0	100.0
Total	80	100.0	100.0	

Table 8 discovered that 38.8% and 51.2% of the respondents strongly agreed and agreed respectively that there is improvement in the standard of living among workers of minimart enterprises in the state while 10.0% of the respondents were undecided. This means that there is improvement in the standard of living among workers of minimart enterprises in the state

Table 9: Government policies on minimart business operation is favourable

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Agreed	1	1.2	1.2	1.2
Agreed	7	8.8	8.8	10.0
Undecided	20	25.0	25.0	35.0
Disagreed	28	35.0	35.0	70.0
Strongly Disagreed	24	30.0	30.0	100.0
Total	80	100.0	100.0	

The finding from table 9 showed that 1.2% and 8.8% of the respondents strongly agreed and agreed respectively that Government policies on minimart business operation is favourable while 25.0%, 35.0% and 30.0% of the respondents were undecided, disagreed and strongly disagreed respectively to this notion.

Table 10: The tax imposed by the government is high for minimart business owners

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Agreed	22	27.5	27.5	27.5
Agreed	39	48.8	48.8	76.2
Undecided	12	15.0	15.0	91.2
Disagreed	7	8.8	8.8	100.0
Total	80	100.0	100.0	

Table 10 above showed that 27.5% and 48.8% of the respondents strongly agreed and agreed respectively that tax imposed by the government is high for minimart business owners while 15.0% and 8.8% of the respondents were undecided and disagreed respectively with this statement.

Test of Hypotheses

Hypothesis One

H01: credit facilities to minimart operator does not significantly influence gross domestic product of the State

H02: tax waiving to minimart operator does not significantly influence employment rate of the State

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	1.542E 2 ^a	12	.000
Likelihood Ratio	148.95 9	12	.000
Linear-by-Linear Association	18.422	1	.000
N of Valid Cases	80		

a. 14 cells (70.0%) have expected count less than 5. The minimum expected count is .40.

The result of the hypothesis testing in the above table revealed that, credit facilities to minimart operator has significantly influence gross domestic product of the State. This is shown with the value of $(p(0.000) < 0.005)$ at 5% level of significant. Therefore, the null hypothesis which state that credit facilities to minimart operator does not significantly influence gross domestic product of the State was hereby rejected in favour of alternative hypothesis. This indicated that credit facilities to minimart operator has significantly and positively influenced the gross domestic product of the State.

Hypothesis Two

H02: tax waiving to minimart operator does not significantly influence employment rate of the State

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	20.116 ^a	8	.010
Likelihood Ratio	21.996	8	.005
Linear-by-Linear Association	9.644	1	.002
N of Valid Cases	80		

a. 9 cells (60.0%) have expected count less than 5. The minimum expected count is .10.

The result of the hypothesis testing in the above table also revealed that, tax waiving to minimart operator has significantly influenced employment rate of the State. This is shown with the value of $(p(0.000) < 0.005)$ at 5% level of significant. Therefore, the null hypothesis which state that tax waiving to minimart operator does not significantly influenced employment rate of the State was hereby rejected in favour of alternative hypothesis. This indicated that tax waiving to minimart operator has significantly influenced employment rate of the State.

5. Conclusion

The paper examines the effect of minimart the effect of minimart business operation on Delta State economy. The finding of the study discovered that despite the contribution of minimart business operation in the state, the state government has not look into the sector very well so as to development the economy of the state from this sector. The study concluded that the government has not provided enabling environment to the enterprise, no credit facilities for minimart owners, the tax levy on the business is too high and the government policies are not favourable for the business to boom to other parts of the state

apart from state capital. The study also concluded that state economic has increased in recent time as a result of establishment of minimart enterprises which lead to increase in gross domestic product as well as increase in employment rate in the state. Moreover, the study revealed that credit facilities to minimart operator has significant influenced gross domestic product of the State as well as tax waiving to minimart operator has significantly influenced employment rate of the State.

6. Recommendations

The study recommended that the State Government should provide credit facilities that will make the development and expansion of minimart to maximart and create more branches across the state. The state government should introduce tax waiving of 5 years for the sector in order to motivate the business owners as well as creating more enabling environment to the business to grow and attract shareholders.

Questionnaire Guide

S/N		SA	A	UN	D	SD
1	Minimart enterprise is a fast growing business in the state	34	31	6	4	5
2	There is credit facilities by government for Minimart enterprise owners in the state	-	-	13	45	22
3	Minimart enterprise contribute significantly to the economic development of the state	29	27	8	9	7
4	The state economic has increased in recent time as a result of establishment of minimart enterprises which lead to increase in gross domestic product	33	38	-	3	6
5	The minimart establishment has reduced the rate of employment in the state					
6	Government provided enabling environment for					

	minimart business owners					
7	Government impose a tax waiving on minimart business owners					
8	There is improvement in the standard of living among workers of minimart enterprises in the state					
9	Government policies on minimart business operation is favourable					
10	The tax imposed by the government is high for minimart business owners					

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