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Home-Based Enterprises In The Urban Centre Of Ado Ekiti: Are They Really Run By The Poor Alone?

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Abstract
Most discourse on home-based enterprises (HBEs) is usually skewed towards an assumption that those who run them are mainly the urban poor and are, thus actively repressed and treated with disdain by government agencies and the media. This perception could be dangerous to achieving the set economic and environmental design goals, considering the pervasiveness and persistent growth of this form of informal economy. The objective of this paper was to examine the prevalence of home-based enterprises across all strata of neighbourhoods with a view to determining whether home-based production activities are run by the poor class alone. Data were sourced from observational study and structured questionnaire administered on 224 households in six neighbourhoods in Ado Ekiti, Nigeria. Frequencies and percentages were used to analyse the data. Chi-squared test was also conducted on the results to explore the differences in the prevalence of home-based enterprises across all the social stratum. Findings revealed that home-based enterprises are common among all the social classes (χ^2 (2) = 4.681, p = 0.10). *Recommendations were made in light of the need for government and the design professionals to engage constructively with this form of household initiatives.*

Keywords: Home-Based Enterprises; Housing Design; Socio-Economic Group; Urban Centre; Urban Poor

1.0 Introduction

Home-Based Enterprises (HBEs) are generally described as businesses and commercial enterprises that are undertaken together with the residential use (Strassmann, 1986; Tipple, 2005;

Tyas, 2016). These uses can be carried out within the dwelling or within buildings which are ancillary to a dwelling such as garage, detached studio or other form of outhouse. They are categorised as: 1) Retail sector such as informal fast food and street vendors; 2) Service sector such as public phone call, hair salon, shoe repairs, car and truck spare parts shop; and 3) Production sector which includes tailoring, dress-making, carpentry and so on (Hiratal, 2010). They are often considered the most formal of all informal business sector types, where a formal structure – the house - provides some form of security for these businesses (Smit & Donaldson, 2012).

People engage in these businesses for various reasons. For example, some run HBEs as a survival strategy after they had been forced to leave the formal employment as a result of downsizing or early retirement, or to augment their main source of income during economic crisis which are triggered by various factors such as increase in consumer demands, stock market speculation, national and foreign monetary policies, preferential treatment, free trade agreements, worldwide commercial liberalism, and so on (Bairagya, 2010). Others leave voluntarily out of a desire to be their own boss, to avoid hassles associated with commuting or to facilitate caring for children or elderly relatives. The growth of HBEs is further driven by the increasing capability and availability of computer and communications technology which allow people to send and receive messages, transfer data and conduct research from their homes, largely eliminating the need for those employed in such businesses from having to commute to a place of employment. A school of thought submits that HBEs is a response by entrepreneurs to excessive state regulations (Brown & McGranahan, 2016).

In the past few decades, home-based business has increasingly been recognised as a key engine to economic growth and development. It is responsible for most of the advances in new products and processes; and a key indicator of the overall performance of an economy. It provides employment and income to unskilled and semi-skilled workers who otherwise would have been unemployed. It also provides jobs to skilled workers who are yet to gain employment in their chosen professions (Abolade *et al*, 2012; Ezeadichie, 2012). Consequently, quality of life of individual and communities is enhanced, and social stability is promoted. In UK alone, over 60% of new businesses are started at home, and out of a total of 4.5 million small and medium-sized enterprises, HBEs have a combined turnover of 364 billion pounds (www.flexibility.co.uk/.../home-enterprises). HBEs, together with other informal activities, contribute 72% of the non-agricultural employment in Sub-Sahara Africa, 65% in Asia and 51% in Latin America (Hiratal, 2010). They do not only produce additional income but also generate savings from transportation costs and time. From architectural and urban planning point of view, this reduction in the need to travel from residential to commercial zone to transact business equally offers environmental benefits by reducing energy consumption and amount of harmful emissions released by transportation systems (Adewale *et al*, 2011).

These contributions are, however, mostly ignored, rarely supported and sometimes discouraged by policymakers and government (Abolade *et al*, 2012; Ezeadichie, 2012). The use of temporary structures by the HBEs operators is often seen by some planners as constituting high nuisance value in land use and development (Ezeadichie, 2012). Some planners describe it as a form of urban insurgency. According to them, the operators shape their environment in defiance to building regulations and other extant rules (Onwe, 2013; Gough *et al*, 2013). For others, it is a polluter of environment, generating dangerous or unpleasant substances which are detrimental to human health (Kellet & Tipple, 2002; Egbu *et al*, 2016; Huba & Yohannes, 2016; Ola & Adewale, 2014). Lawanson and Olanrewaju (2012) contend that HBEs engender overstretched municipal services, fire hazards and increasing noise pollution. They also argued that the commercial activities taking place in the residential neighbourhoods make the residents to be more susceptible to crime and insecurity. Most of these studies particularly see the sector as the businesses of the poor (Abolade *et al*, 2013; Egbu *et al*, 2016; Kellet & Tipple, 2002; Tyas, 2016). It was argued that HBEs generate low income and require few skills, and that they are mere entry point for new rural-urban immigrants into urban economy (Ezeadichie, 2013). They considered its existence as a sign of underdevelopment, believing that it will soon pale into insignificance as per capita income rises (Onwe, 2013; Adeokun & Ibem, 2016). They are thus neglected by the government and generally portrayed badly by the press (Tipple, 2005). All these notwithstanding, the fact that the enterprise keeps on growing and are found everywhere suggests that its practice is not limited to the low-income group alone. Members of other socioeconomic groups could as well be involved in the phenomenon. The objective of this paper was to examine the prevalence of home-based enterprises across all strata of neighbourhoods with a view to ascertaining the above postulation. Such knowledge would provide strong evidence and framework for integrating the business into urban economy, and formulating housing policies that meet the desired economic and environmental design goals.

2.0 The Study Area

Ado Ekiti is one of the emerging urban centres in the south-western part of Nigeria which lies approximately within longitude $5^0 6'$ E, latitude $7^0 15'$ E and longitude $5^0 21'$ E, latitude $7^0 28'$ N of the Greenwich Meridian. It is about 500 km from Abuja, the capital of Nigeria and 350 km from Lagos, the former capital of Nigeria. The study area is naturally drained by six rivers with many tributaries: Ureje River and Awedale River in the South and West; Odo eje and Ologan River towards the East; Ajilosun River flowing through the city and Elemi River in the central part of the metropolis. It is a trade centre for a farming region where yams, cassava, grain and cocoa are grown. The city, which was originally occupied by Yoruba immigrants seeking refuge from inter-tribal wars, had been the centre of administration since the days of the British colonial rule, once as the headquarters of Ekiti Province in the defunct Western State, the administrative seat of Ado Local Government when Ondo State was created and now the capital city of Ekiti State at its creation in 1996.

The city has been described as one of the fastest growing medium-sized urban centres in Nigeria (in terms of both area and population). Its area was estimated to be 6.9 km^2 in 1961, 9.7 km^2 in 1976, 13.0 km^2 in 1986, 19.6 km^2 in 1996, and 36.7 km^2 in 2006. By the year 2010, it was estimated that Ado Ekiti covered 41.2 km^2 sprawling out to radius of 12-15 km along the primary roads. Similarly, in 1921, the population was estimated at 20,000; by 1963, it had increased to about 150,000; in 2006, it was 308,601 and today it is over 500,000.

Its existence predated planning efforts in the country. As such, there is no distinct land use segregation though it has different parts with admixture of land uses. There is however clear evidence of three distinct residential areas in the city. The first part is a high density area inhabited largely by the indigenes. Majority of housing and the housing environment are in a very bad shape and the residents are essentially low-income earners. The second category is a medium quality residential area where population densities are the order of four hundred (400) people per hectare. It is characterised by low quality housing but well maintained and planned environment. Examples include Immigration Area and Federal Housing Estate. The third category of residential areas are the high class government reservation areas that have low population and housing densities of four to eight houses per hectare. The residents are high-income earners and live in a well-maintained environment and modern buildings. These include Egbewa GRA, NTA GRA, Onigari GRA, Irewolede and State Housing Estates.

The unprecedented spatial expansion of the area via its designation as the capital of Ekiti State in 1996, the movement of Federal College of Technology (now Federal Polytechnic) from Akure to the area in 1982 and the establishment of the Ekiti State University in the same year significantly accounted for this rapid urbanisation. There was influx of new comers into the city, transforming steadily the predominantly indigenous city to a multicultural, multiethnic urban settlement.

3.0 Methodology

The research adopted a quantitative research method, using survey research design to describe the prevalence of HBEs and to determine whether the prevalence of this phenomenon depends on the socio-economic class of residents. Data were sourced mainly from observational study and structured questionnaire administered on households in six neighborhoods in Ado Ekiti. The neighborhoods were purposively selected to explore the heterogeneous population of the study area which was stratified based on the socio-economic group (high-, medium- and low-income economic groups). The three strata also differ in visible ways from each other—the layout of the street network, the age and style of the houses, and the location and design of commercial centres. Based on Yamane formula of sample size determination, 224 buildings were selected for the survey, using a systematic random sampling of one in every eight houses. Survey questions consist of close-ended questions that sought for demographic data of the respondents.

The validity of the instruments was established by carrying out a pilot study at three neighbourhoods that are not part of the main study, one from each stratum. The questionnaires

were administered on a convenience sample of 20 households in each neighbourhood. Participants were asked to first complete the survey, then to discuss the survey questions with the researchers, either in a group meeting or in one-on-one interview. Large percentage of the contents of the questionnaires was well understood. The few ambiguous statements were recast. Administration and completion of questionnaires during the main study were done on the spot by the researchers on Sundays when the residents were expected to be around. This increased the rate of return of questionnaires and allowed the respondents to ask questions on grey issues. The data obtained were analysed using frequency counts and percentages. Chi-squared test was conducted on the results via SPSS software (version 25.0) to test the hypothesis that the operation of home-based enterprises is independent of neighbourhood class, using 95% confidence level.

4.0 Results and Discussion

Table 1 shows the socio-demographic characteristics of the respondents. Majority of them (44.6%) are within the age range of 31 – 50. Thirty-four percent are within the age bracket of 18 – 30 while 21% are above 56 years. The table also indicates that bulk percentage of the respondents (44.2%) have post-secondary education while 36% and 11% have secondary and primary education respectively as their highest educational qualification. A considerable number of respondents are female (63.8%) while 36.2% are male.

As shown in Table 2, most of the HBEs (37.9%) were built as appendages to the existing buildings. In high-income area, in particular, about half (44.8%) of the structures being used for these businesses were attached to the main building. Thirty-eight per cent of the building owners converted the use to commercial enterprises. Only five (17.2%) shops were originally built within the building compared to low-income area where half of the shops were inbuilt.

Table 1: Socio-demographic characteristics of the Respondents

Variables	Attributes	Houses with HBEs		Houses without HBEs		Total	
		Freq.	%	Freq.	%	Freq.	%
Age	18-30	44	34.0	33	35.1	77	34.4
	31-50	57	43.8	43	45.8	100	44.6
	50 and above	29	22.3	18	19.1	47	21.0
Sex	Male	51	39.2	30	31.9	81	36.2
	Female	79	60.8	64	68.1	143	63.8
Educational qualifications	Informal	7	5.4	11	11.7	18	8.0
	Primary	12	9.2	14	15.0	26	11.6
	Secondary	45	35.0	36	38.2	81	36.2
	Post-	66	50.8	33	35.1	99	44.2

Secondary

Source: Authors' Analysis (2018**)**

Table 2: Design characteristics and types of development of houses with HBEs

Variables	Attributes	Neighbourhood			Total
		Low-Income	Medium-Income	High-Income	
Design characteristics	Originally built within the building	25 (50.0)	10 (19.5)	5 (17.2)	40 (30.4)
	Change of use	11 (21.4)	20 (37.8)	10 (38.0)	41 (31.7)
	Built as appendage to building	14 (28.6)	23 (42.7)	12 (44.8)	49 (37.9)
Housing Development	Informal	23 (45.2)	16 (29.3)	25 (93.1)	64 (51.8)
	Formal	27 (54.8)	37 (70.7)	2 (6.9)	66 (48.2)

Source: Authors' Analysis (2018)

Note: Figures in parentheses are column percentages.

This modification of buildings to accommodate commercial activities with residential use could be linked to unforeseen economic situation in the country. Majority of the owners of the houses in the study area, particularly in the high-income neighbourhood (93.1%) did not obtain planning permit for the alteration or change in use of the building. This could be due to their inability to cope with the demands of the regulatory bodies, which many authors such as Gough *et al* (2003) considered to be unrealistic, inappropriate or unenforceable.

Table 3 reveals the prevalence of HBEs in the study area. More than half (58%) of the houses have HBEs. Although, the percentage is higher in low- and medium-income areas, HBEs cut across all classes of neighbourhood. According to Chi-squared analysis in Table 3, the operation of HBEs seems to be independent of class of neighbourhood of the respondents (χ^2 (2) = 4.681, p = 0.10). This finding is in sharp contrast to government's postulation and some authors who see HBEs as enterprises of the poor alone (Abolade *et al*, 2013; Egbu *et al*, 2016; Kellet & Tipple, 2002; Tyas, 2016). One explanation for this contrary finding is the vital social safety role the initiative is playing in the prevailing economic hardship in the country. The HBEs serve as alternative to formal social safety nets such as unemployment insurance and effective pension schemes that are currently not available in the country. This implies that HBEs

Table 3: Chi-squared Analysis Testing Difference in Prevalence of HBEs among Socio-Economic Groups

Neighbourhood	Prevalence		Chi-squared (χ^2)	Degree of Freedom (df)	Probability value (*p*)
	Houses with HBEs	Houses without HBEs			
Low-Income	50 (60)	34 (40)	4.681	2	0.10
Medium-Income	53 (65)	29 (35)			
High-Income	27 (47)	31 (53)			
Total	130 (58)	94 (42)			

Note: Figures in parentheses are row percentages

Source: Authors' Analysis (2018)

5.0 Conclusion and Recommendations

The paper has, thus far, examined the prevalence of HBEs in the three strata of socio-economic neighbourhoods. It was evidently clear that HBEs are undertaken by all categories of urban dwellers, which is contrary to the expectations of researchers. The paper traced this to the vital social safety role the initiative is playing in the prevailing economic hardship in the country. According to the study, HBEs serve as alternative to formal social safety nets such as unemployment insurance and effective pension schemes that are currently not available in the country. It has become apparent that home-based enterprises cannot be dismissed as the businesses of the poor or seen as a temporary trend as earlier postulated; but a kind of economy that should be seen as an inevitable and desirable process in Nigeria's national economic development. The HBE, therefore, needs to be both recognised and incorporated in a manner that gives full recognition to the rights of the people that rely on it for their livelihoods. Government agencies should reconsider their attitudes and actions towards the sector.

As indicated by the paper, the HBEs often arise in response to unrealistic, inappropriate or unenforceable regulations. To support this form of economy, therefore, it is necessary to prune the regulatory systems that are meant to apply to HBEs, reducing duplication, facilitating compliance and recognising the rights and contributions as well as the obligations and burdens of the operators of HBEs. The regulatory bodies should identify and prioritise areas where regulations can help create meaningful development, benefiting all segments of society and not just the powerful alone. These regulations should be assessed in terms of their actual effects rather than assuming compliance.

Architects can play a great role in this regard by paying close attention to those design and construction techniques that easily accommodate and adjust to future changes. For example, the dwelling entrance hall and internal traffic areas could be designed in such a way that customers and visitors are accommodated while still preserving the household's privacy. Using a part of the dwelling for home-based work in future would, therefore, not be a problem. These spatial units could also be designed to accommodate separate access to allow for shared occupancy in the

future. This would minimise irritants, preserve independent ways of life and allow separate socio-affective relations for each occupant in case the operator of the HBEs is not a member of the household.

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