TRADITIONAL MARKET ACTIVITIES AND COMMUNITY DEVELOPMENT IN NIGERIA

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Abstract

The purpose of this study was to empirically investigate the relationship between traditional market activities and community development in Nigeria. A cross-sectional survey design was used in accessing the study subjects. The population comprises of top employees of government owned institutions in Nigeria. 286 Copies of questionnaire were administered to the respondents and data analyzed using Pearson's Product Moment Correlation Coefficient. Results indicate that local content policy had the highest positive relationship with living standard. The study concluded that the traditional market activities are keys to community developments in Nigeria. Amongst the recommendations include: products should be packaged with simplicity and convenience, bearing in mind as these contributes to rural or tradition market willingness and ability for consumption.

Keywords: Community Development, Convenience Packaging, Living Standard, Local Content, Low Pricing, Traditional Market Activities, National Development Policies, Security

A. Introduction

Obviously, globalization and rapid technological development has influenced the way people now do things, consumers' buying processes, and as well as expectations. These changes, simply means that business functions, including marketing activities have to take a different shape (Kacprzak-Choińska, 2007). The traditional market activities which comprise marketing and business activities within the local community market are common within most countries especially developing countries like Nigeria.

Accordingly, Rafiuddin and Ahmed (2011), observed that the speed in the growth of technology and advancement within every sphere of social, economic, political, cultural life, etc are noticeable, and its focus is on tapping the rural markets. Same study observed that globalization has gone round both in the urban and rural markets, as young and old farmers and producers have began to get in touch with the latest information.

Furthermore, Kaur (2017) observed that traditional market or rural market activities have began to be increasingly significant owing to stiff completion in the urban area, improved lifestyle and high level of population. Similarly, Kumar (2016) opined that rural market is the key to survival in countries like India given the fact that most consumer markets are getting cluttered, thereby slowing down the growth rates of consumer products; including too many players eating into each other's market share. These same experiences are not different from the happenings in countries like Nigeria. Where even industry leaders are struggling to make sales due to the market saturation in urban cities like Port Harcourt, Lagos, Abuja, Kaduna etc.

Among the biggest problem facing rural and traditional activities include low literacy, poor infrastructural facilities and the slow decision making process of the traditional or rural consumers (Kacprzak-Choińska, 2007). Further, Egbe (2014) noted that, ever since Nigeria gained independence in 1960, the rural or community development has been declared a priority by the successive governments. Same study identified achieving the goal of rural or community development has always posed to be more challenging. Hence, it become necessary for businesses, marketing practitioners and government agencies to gain more insights on how to deal with traditional market activities and its effect or relationship to community development.

B. Aim of Study

The aim of this study is to empirically examine the relationship between traditional market activities and community development in Nigeria.
Study Variables and Operational Framework of the Study

The predictor variable is traditional market activities (TMA) with its dimensions as convenience packaging, low pricing and local content policy while the criterion variable is community development and measured with living standard. These can be mathematically represented as:

\[ CD = f(TMA) \]
\[ CD = (LS) \]
\[ TMA = (CP, LP, LCP) \]

Where:
- \( CD \) = Community Development
- \( LS \) = Living Standard
- \( IMC \) = Traditional Market Activities
- \( CP \) = Convenience Packaging
- \( LP \) = Low Pricing
- \( LCP \) = Local Content Policy

Fig 1.1: Operational Framework of Traditional Market Activities and Community Development

Source: Desk Research, 2019
C. Theoretical Foundation

Social Justice Theory

The social justice theory was developed by John Rawls on the idea that fairness is attained only when each and every individual has access to the services needed (Ekmekci, and Arda, 2015). Social justice is generally known as the fair and equitable distribution of power, resources, and obligations in society to all residence, despite the differences in race or ethnicity, age, gender, capacity status, and religious background (Van den Bos, 2003). The theory opines that development is said to be attained when wealth is distributed equitably. In accordance, Fraser (2003), asserted that among the principles of social justice is the redistributive principle. This claim holds that there should be more just allocation of resources and wealth. For example, there should be a thin gap or no gap at all between the traditional or rural market activities and the urban market activities. The theory of social justice demands that the government, businesses and other institutions concerned are meant to walk out modalities for income and wealth redistribution in favor of both those in rural and urban. Hence, the social justice theory is adopted as the theoretical foundation for this study.

D. Literature Review

Traditional Market Activities

Traditional market activities are the interactions between buyers and sellers within the local market environment. Traditional market activities are synonymous with rural market activities and both express the idea of marketing and business activities within a local boundary; hence, they are used interchangeably in this context. Further, Kaur (2017) pointed out some key features of rural market to include large and scattered market, low living standard, traditional outlook, rural consumption values and customs, inadequate infrastructural facilities etc.

Further, Iyer (2010) gave a clear distinction between traditional market and traditional or rural marketing. For him rural marketing is defined as a function that manages all activities involved in assessing, stimulating and converting the purchasing power of rural consumers into an effective demand for specific products & services and moving these products & services to the people in rural areas to establish satisfaction. He further explained that rural marketing is also focused on creating a better standard of living which also leads to achieving organization’s goals and objectives.

Convenience Packaging

Convenience packing involves ensuring that the products are made available in a form that will be easier to handle and consume. Convenience packaging is a good market strategy for business given the fact that rural markets are not as knowledgeable as the urban market; hence, too much sophistication may hamper their desires to patronize a particular business.

Supportably, Kaur (2017) opined that products in rural markets are generally simple and easy to use. The packing has to be convenient and cost-effective. Hence, firms should make the functional benefits very explicit and transparent from the information provided about the product.

Low Pricing

Low pricing is a marketing strategy adopted to ensure that the price of a product is low especially when compared to the price of a related product. Studies have confirmed that the rural consumers are more sensitive to changes in price so the pricing must be aligned with their expectations. He further added that different firms adopt different pricing method in pricing their products, as some opt to price their products based on their level of popularity in the rural customers (Kaur, 2017).

Local Content Policy

Local content policy is the instruction given by the government to the domestic manufacturers to ensure a consistent use of the local materials for production. The policy is used to encourage some local raw material providers like the farmers within the
localities. For instance, the Nigerian government set a minimum local content target of 75% by 2010 for all works and contracts to be undertaken in or on behalf of all oil & gas companies operating in the Nigerian oil & gas industry. This target is fully supported by the oil & gas companies operating in Nigeria. The Nigerian government, via the NCD (Nigerian Content Division) of the NNPC, has issued a list of 23 categories of work which must be carried out in the home country. The objective of the local content exercise is to enhance value-added contents which in turn reflect the national economic development as well as other country’s stakeholders (Fairshores, 2018).

Community Development

Community development is a term used to explain the changes way of life of those living in a particular society. The term is usually used interchangeably with rural development. Community development is complex word with divergent process that comprises areas like agriculture, health, education, provision of rural infrastructures, social life, political and economic issues, commerce and industry and more; it has a close link with the national economy (Egbe, 2014). Similarly, Aziz, (1999), the concept of rural development should be viewed as a holistic concept, which recognizes the complexity and inter-relatedness of the many variables which influence the quality of life in rural areas. It is a complex process, which involves the relationship between that of economic, social, political, cultural, technological and other situational factors. Also, Mabogunje (1981), opined that community or rural development is concerned with the self-sustaining enhancement of the rural areas; it connects with a broad based re-organization and mobilization of the rural masses so as to enhance their capacity to cope effectively with the daily task of their lives in the cause of living.

Living Standard

Living standard is defined as the level of wealth, comfort, material goods and necessities accessible to a certain socioeconomic class or a certain geographic boundary. Standard of living has lots of indices such as income, gross domestic product (GDP), national economic growth, economic and political stability, political and religious freedom, quality of environmental, climate and safety. The standard of living is closely related to quality of life in the eyes of community members (Investopedia, 2018). Standard of living can also be generally measured by criteria such as real (i.e. inflation adjusted) income per person, the rate of poverty at a specified period of time. Other measures include access to healthy life and quality of health care, income growth inequality, and educational levels over a period of time.

Similarly, Amadeo (2018) noted that standard of living is a measure of the material aspects of any economy. It takes into account the amount of goods and services produced and available for consumption by a person, family, group, or nation in totality. Also, Grimsley (2018) opined that the term standard of living can be thought as a concept used to evaluate the quality of life or level of material prosperity enjoyed by individuals, a specific demographic group, or a geographic region such as a nation. Further, he pointed that from economic point of view; the standard of living is usually used to examine the relative prosperity of the population of an entire country and is often cross-checked with the standard of living of other countries.

Traditional Market Activities and Community Development

A study conducted by Ravikanthi (2012), on Indian urban and rural market revealed that rural or traditional markets are really becoming much more aware. Hence, the products should be made available at various outlets for easy purchase and marketing distribution systems or marketing channels should be well-established to reduced consumers efforts in getting products for consumption. Kaur (2017) asserted that given the sensitivity to price in the rural or traditional market, affordability value engineering should be adopted to gain success. The success of business and marketing activities within a certain area also contributes to community development since it will lead to more money in circulation and reduction of unemployment; thereby increasing living standard of the rural residents. Also, Kumar (2016) opined that in traditional market activities, firms must offer products that suit the market in order to boost community acceptance. Further, Egbe (2014) opined that
community development will be enhanced when government takes charge of creativity enabling environment and conducive business atmosphere. In addition, the found that building of good roads and provision of other social amenities will enable the flow of goods and services which will in turn enhance living standard of residents. Thus the following hypotheses are formulated:

H01: Convenience packaging does significantly relate with living standard of rural communities in Nigeria.

H02: Low pricing does significantly relate with living standard of rural communities in Nigeria.

H03: Local content policy does significantly relate with living standard of rural communities in Nigeria.

Materials and Methods
The study adopted a cross-sectional survey which is a type of quasi-experimental design, in accessing the study subjects. Basically, the population for this study comprise of top employees of government civil servernt in Nigeria. 300 copies of questionnaire were issued to the respondent on a 5 Point likert scale of Strongly Agree (5), Agree (4), Undecided (3), Disagree (2), and Strong Disagree (SD). After data collection, 14 copies were found invalid while 286 copies where found valid for analysis using Pearson’s moment correlation coefficient at 0.5 levels of significance with the aid of SPSS.

Data Analysis and Hypothesis Testing
Table 1: Correlations Test of Hypotheses 1, 2 & 3

<table>
<thead>
<tr>
<th></th>
<th>Convenience Packaging</th>
<th>Low Pricing</th>
<th>Local Content Policy</th>
<th>Living Standard</th>
</tr>
</thead>
<tbody>
<tr>
<td>Convenience Packaging</td>
<td>Pearson Correlation</td>
<td>1</td>
<td>.&quot;</td>
<td>.755&quot;</td>
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<tr>
<td>Sig. (2-tailed)</td>
<td></td>
<td>.000</td>
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<tr>
<td>N</td>
<td></td>
<td>286</td>
<td>286</td>
<td>286</td>
</tr>
<tr>
<td>Low Pricing</td>
<td>Pearson Correlation</td>
<td>.&quot;</td>
<td>1</td>
<td>.860&quot;</td>
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<tr>
<td>Sig. (2-tailed)</td>
<td></td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
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<tr>
<td>N</td>
<td></td>
<td>286</td>
<td>286</td>
<td>286</td>
</tr>
<tr>
<td>Local Content Policy</td>
<td>Pearson Correlation</td>
<td>.&quot;</td>
<td>.&quot;</td>
<td>1</td>
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<tr>
<td>Sig. (2-tailed)</td>
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<td>N</td>
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<td>286</td>
</tr>
<tr>
<td>Living Standard</td>
<td>Pearson Correlation</td>
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<td>.860&quot;</td>
<td>.911&quot;</td>
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<tr>
<td>Sig. (2-tailed)</td>
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**Correlation is significant at the 0.05 level (2-tailed).

Source: Survey Data, 2018

Table 1 shows a table for analysis of the relationship between the variables. The dimensions of traditional market activities (convenience packaging, low pricing and local content policy) matched with living standard, a measure of community development, using pearsons’ moment correlation coefficient. The coefficients results were 0.75, 0.860 and 0.811 respectively at a 0.000 sig imply that sig < 0.05 which also indicates that the dimensions has very strong and positive association with living standard. Also, among the dimensions, local content policy seems to posses the highest coefficient it has more positive relationship with living standard. Hence, the null hypotheses are rejected and the alternatives accepted which state that convenience packaging, low pricing and local content policy has significant relationship with living standard of rural communities in Nigeria. Moreover, findings of this strongly correlate with findings of similar studies like Kumar (2016) who found that in firms must offer products
that suit the market in order to boost community acceptance. Further, Egbe (2014) opined that community development will be better enhanced via government undertakings of economic activities to enabling environment and conducive business atmosphere.

E. Conclusion

Based on findings, the study concludes that traditional market activities are keys to community developments in Nigeria.

Recommendations

Federal government should ensure the in takes of economic activities to create better business environment, which in turn encourages local producers.

Local content policy should be reformed and implement as findings shows that, it has the highest correlation with living standard which leads to community development.

Producers in traditional market settings should endeavor to adopt the low pricing methods, as these encourages much consumptions thereby leading to increased living standard.

Further, products should be packaged with simplicity and convenience in mind as these contributes to rural or tradition market willingness and ability for consumption.

References