
Empirical Investigation into The Street Trading Invasion in Housing Zones of the Third World Countries. The Case of Metropolitan Lagos

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ABSTRACT: *The street trading activities have not only existed but continue to increase in housing zones of many under developed countries. This study investigates the invasion of the venture in the housing zones of metropolitan Lagos. The research uses survey research design. Data were collected through the instruments of personal observation and administration of structured and semi-structured questionnaires. For sampling, multi-stage sampling and disproportionate sampling techniques. One thousand, three hundred and forty-five questionnaires were administered on street traders in fifty-two administrative wards in the sixteen local government areas of the metropolitan Lagos. Nine hundred and seventy-three (over 70%) of administered questionnaires were retrieved and found suitable and acceptable for analysis. Data analysis was done using descriptive and inferential statistical instruments for the interpretations and discussions of results. The result from the application of Logistic regression analysis on issues responsible for the invasion of street trading shows beta value associated with running of quick service as positive ($p = 0.000$) among others. This recommends the probability of increasing street trading activities at the 13.463 Wald value, implies greatest contribution to the variability of street trading activities. This implies a strong will to provide quick service in the neighborhood facilitates the probability of invasion of street trading ventures by a factor of 1. 884. The paper understood the existence of street trading activities in housing zone is in accord with the contemporary trend in planning and concludes with recommendation that housing zones should be restructured to reflect this new trend*

KEYWORDS: Street trading; invasion; housing zone; developing countries; investigation.

INTRODUCTION

Numerous terms have been used by various scholars to capture informal sector among which are Firm Centered Economy (Geert, 1963), irregular economy (Farman and Farman, 1973), Black-market (Smithies, 1984), Underground economy (Feige, 1989) and Street trading (Guttman,

1979). Other terms such as invisible, shadow hidden, parallel, submerged, non-official have also been used to describe it (Lawanson, 2011). The International Labour organization (ILO) estimates that the proportion of the urban work force engage in informal sector activities is highest in Sub-Saharan African, and account for more than 50% of urban employment in two thirds of countries surveyed in 1999. In Nigeria, the informal sector unfolded conspicuously after the Structural Adjustment Programme (SAP) was introduced which eventually led to mass retrenchment of formal sector workers. Characteristically, a large percentage of the victims found solace in informal sector employment which appeared as the immediate solution to the economic crisis that was prevalent at that period (Adelaja, 2008)

The informal sector or informal economy is the part of an economy that is not taxed and which is considered generally as another sector outside the normal organized formal sector that provides employment and sustenance through engaging in a variety of activities, such as street trading, hawking, vulcanizing, local manufacturing and cobbling to mention but a few. The sector is characterized by small scale operations, labour intensive techniques, low-income families, private and indigenous ownership of enterprises that are largely unprotected by government(Mba,2008). The main features of informal sector economic units are: ease of entry; small scale of the activity; self-employment; little capital and equipment; labour intensive technologies; low skill; low level of organisation with no access to organized markets, formal credit, education and training or services and amenities; low productivity and low income. Informal sector participants generally live and work in appalling, often dangerous and unhealthy conditions, usually without basic sanitary facilities, in the shanty towns of urban areas [6] (Lawanson, 2011). The drive for profit maximization of people in informal sector informs their strategic location at road junctions, various bus stops and points of high pedestrians' traffic. Lagos state government has had to contend with the activities of the informal sector over the years (Iretunde, 2007)

Abiodun (2002) notes that Lagos, Nigeria de-facto capita city, with its current population estimate has joined the league of the world's mega cities. Associated with mega status are mega urban problems which Lagos has to contend with, chief among which are street trading, poor sanitation, poor infrastructure, filthy environment and congestion. He further stressed that all these problems are caused by the influx of people into the city with a very weak, ineffective and uncontrolled urban management planning in place

However, most opportunity seekers that migrate to Lagos in search of high paying jobs and a better quality of life usually end up in the informal sector of the economy. Therefore, the fact that the informal sector provides employment and complements the formal sector should not be trivialized when considering its effects on the urban management system. This paper pays attention to assessing the determinant factors of preponderance of the sector in the third world countries using Lagos metropolis as case study.

Context of the Study Area

Lagos Metropolis, the leading commercial nerve centre of Nigeria (Oduwaye, 2005), is located in Lagos State in the South-Western part of Nigeria. It is the largest metropolitan area in Nigeria (Ayeni, 1979) and consists of eighteen local government areas. Lagos metropolis lies generally on low lands, with about 17500 hectares of built-up area. The State has a disproportionate share of the nation's population with a population density of 1,000.54 people per square kilometer in 1991. It rose to 2,519.85 people per square kilometer in 2006. This is far higher than the national population densities of 96.34 and 151.56 persons per square kilometer in 1991 and 2006 respectively. It is a reflection of high concentration of people in the state. The current population density of the built-up area of the Lagos metropolis is about 20,000 people per square kilometer [13] (Alade, 2011). About 95% of the State's population lives in the major settlements of Lagos Metropolis, Ikorodu and Badagry. Only 5% of the State's population lives in the rural areas. The corresponding national rate is 26.28% and 63.72% for urban and rural areas respectively. Lagos State, therefore, has a higher proportion of its population living in urban areas compared to the entire nation. This reflected in the dominance of Lagos metropolis in the national spatial system, and the concentration of economic activities in the State.

LITERATURE REVIEW

Researches and investigations into the nature, determinants and consequences of informal activities in developing countries has yielded a number of important insights. Informal sector activities have high correlation with national's level of economic development. According to Lawanson (2011) it is a means of livelihood for new entrants into the urban labour force who through lack of opportunities and in some cases, lack of training is unable to seek employment in the formal sector. Informal sector helps to reduce poverty by providing jobs therefore reducing unemployment and underemployment. In Nigeria, informal sector accounts for about 70% of employment in the industrial and distributive trade (CBN, 2004). Most research on informal sector indicate that it provides ten jobs for every one provided by formal employment (Osolor, 2011). The slow pace of national development, which has manifested in sluggish growth, poor industrial development and persistent high rate of unemployment, coupled with the economic crisis of the early 1980s has led to the expansion of the informal sector in Nigeria over the years (Olofin et al, 2009).

Causes for Engaging in Informal Trading Activities

The existence of an informal economy and its persistence over time has been explained by a variety of reasons, motives and related causes. Public attention was drawn to the underground economy during World War II when higher tax rates, price controls, and rationing programs provided incentives for firms and individuals to participate in various black market' activities (Feige, 1989).

The study of these elements is considered to be very important, in order to understand this phenomenon more in depth and to reach a scientific conclusion regarding its overall significance.

The majority of analysts have agreed, to a large extent that one of the foremost causes of the development and tenacity of the informal economy is the recession in which any country may go through. As a consequence of this potential stagnation, a lot of unpleasant economic phenomena appear to happen, such as unemployment, depreciation of capital, etc., which in turn influence the informal activities. Some of the earliest primary reasons to participate in the underground economy mentioned in the literature are: (1) to evade taxes; (2) to avoid losing government benefits; (3) regulations and licensing requirements; (4) a reaction by both firms and individual workers to the labor unions; and (5) the impact of international competition. In broader terms, the motives for participation can be economic and non-economic.

The economic reasons are related to unemployment and an inflexible formal labor market; the declining real price of capital; and the high cost of formal production. The non-economic motives are related to a greater flexibility and greater satisfaction in work; a complete use of their professional qualifications; and the increased leisure time. A very important element, which motivates the participation in the informal economy, seems to be the role of the State. Beyond economic considerations, State-related variables are decisive in creating a climate suitable for the expansion of the informal sector [17] (Gershuny, 2006). These State-related variables and other motives are discussed by Renooy (1990) from another perspective, behavioral economics. He claims that there are two groups of factors which determine the decision to become active in the informal economy, specifically, the 'structural' and 'opportunity' factors. The structural factors consist of financial pressure; socio-psychological pressure and institutional constraints. The opportunity factors, which imply free choice, consist of individual background; skills; education; contacts and living situation, or non-individual components such as environment; cultural tradition; values and standards; and geographical factors. The author suggests that these 'opportunity' factors explain why different sorts of informal economies exist. The individual free choice affects the decision on tax payments based on a combination of inadequate information and a lack of any trust in the way taxes are spent. In an atmosphere in which the government loses the trust of the population, in which people no longer feel that government supports them, a step into the twilight economy will be taken much more lightly [20] (Renooy, 1990). The last but not the least reason for participation in the informal sector, mentioned by several researchers, is the governmental over-regulation of the market sector, for example 'not only via the taxes, but also through labor legislation and legislature relating to labor conditions, quality regulations, and production limitations. This over-regulation increases the transaction costs of participation in the formal economy, so that it becomes relatively more appealing to switch over to the informal sector.

Informal Economy as Potential for Labour Absorption

Structuralists' assumption is that informal sector entrepreneurs are drawn from the ranks of the unemployed. Pahl, (1992) argues that studies from a variety of developing countries have shown that, the successful informal activities depend on access to social, physical and financial resources more easily available to the employed. The unemployed have less access to goods and equipment for informal work, as well as less access to social networks through which information on informal opportunities is transmitted. Informal sector absorption of the unemployed tends therefore to be restricted to sectors which offer little more than bare subsistence.

In addition, ILO(1985) finds significant barriers to entry in most of the profitable sub-sectors of the informal economy. Generally, net income is highest where capital and skill requirements are highest. Entrepreneurs in the most lucrative informal activities are found on average to have other sources of income and frequently to have connections with formal sector employment and education. Access to profitable activities through apprenticeship does not significantly open up conditions of entry. Minimum levels of formal education are often required for apprenticeship in technically complex activities such as electrical or vehicle repair. Apprenticeship fees, where charged, are higher in these activities and periods of apprenticeship are fairly long, normally from three to seven years (Azzan, 2005). The poor and unemployed not only tend to lack sufficient levels of education, but are normally unable to defer earnings for the long periods required for technical apprenticeships, in addition to the difficulties they face in meeting the fees.

Partly because of these barriers to entry, entrepreneurs in many of the more lucrative activities are often found to belong disproportionately to certain ethnic groups or regions. This is dominant among Igbo Entrepreneurs in Nigeria. This creates a situation of preferential access for aspiring apprentices of the same ethnic group or religion, since apprenticeship is normally cheaper and easier to obtain for those with family, ethnic or religious ties to the master. These various financial, educational and ethnic barriers to entry all serve to restrict the absorptive potential of the informal sector, especially within the sub-sectors with some potential for upward mobility. Pahl (1992) observes with regard to the 'informal' economy, 'whom you know is as important as what you know'. The observation is meant to stress the fact that the informal economy is not an open market. It operates in a highly selective way, hence one reason why it is not primarily an absorptive buffer for unemployment. (Rogerson, 1997).

At the low end of the entrepreneurial scale, where the bulk of entrants are concentrated, ease of entry is accompanied by the disadvantages of severe competition and stagnancy. Other constraints include: low-income markets, inadequate access to strategic resources, such as lack of land ownership, lack of access to financial and capital resources, over- burden of family responsibilities, especially among women and Government constant harassment among others, where, increasingly, survival is a struggle and accumulation impossible.

It has been argued that the informal sector provides important avenues of income generation and accumulation for women, who have traditionally suffered from restricted access to formal education and formal sector employment (World Bank, 1989). This may not be particularly true of women in some parts of West Africa, where women in many ethnic groups have a long tradition of involvement in independent commercial activities and have the right to control their own incomes (Hesseling, 1996).

METHODOLOGY

The study adopts Survey Research Design method because it allows the establishment of unique characteristics of the population and ability to develop a detailed picture and intensive knowledge of the case study. The data were from the duo of primary and secondary sources. A total of 210 geopolitical wards which have been stratified into three homogeneous residential densities (low, medium and high) based on delineation by Independence National Electoral Commission (2003) were identified and used in this study. From the 210 residential areas, fifty-two of them (5 low, 17 medium and 30 high) were randomly selected and consist of 48,595 and 675 in low, medium and high residential densities respectively. A total of 975 duly completed questionnaires were used for data analysis. Both descriptive and inferential statistics were used for data analysis.

DISCUSSION

This section examines factor responsible for the invasion of street trading. The first approach was to rank the respondents' perception of the factors and then deploy logistic regression analysis to determine those factors that significantly influence informal activities. Table 1 gives the ranking of respondents' perception on eight factors contributing to street trading preponderance. The foremost influential factors considered by the respondents in informal sector are: running of quick service (Mean = 4.11), lessening market journey (Mean = 4.01), development of business skill (Mean = 3.84), offer of employment (Mean = 3.82) and promoting social interaction (Mean = 3.80). Their counterpart in formal commercial activities however gave a slightly different view in the order of effect. According to them the first five factors are grouped as: promoting social interaction (Mean = 4.06), developing business skill development (Mean = 3.92), running of quick service (Mean = 3.88), lessening market journey (Mean = 3.85) and offer of employment (Mean = 3.82).

Logistic regression analysis is carried out to determine factors responsible for the emergence street trading. A categorical (dichotomy) variable is engaged to capture the street trading. The variables enter into logistic regression equation with predictive factors as independent variables. The results from the analysis are reported in the Table 2 and 3 and are discussed accordingly. The Omnibus test of model coefficients (Table 2) shows how our model performs for street trading. The chi-square value, 20.449 is statistically significant at 8 degree of freedom and 1% level. Hence, the model is fit to explain cases for informal business activities with the given the set of predictors. The

degree of change or amount of variation in the commercial activities that is explained by the predictive factors is given by Cox & Snell R square and Nagelkerke R square in Table 3. The values associated with these tests indicate that those factors (Table 4) are able to explain between 5.6 and 9.9% of variation in the types of street trading activities.

Table 1. factors responsible for invasion of street trading

	<u>Informal</u>		<u>Formal</u>		<u>Total</u>	
	<u>Mean</u>	<u>Rank</u>	<u>Mean</u>	<u>Rank</u>	<u>Mean</u>	<u>Rank</u>
Running of quick service	4.11	1st	3.88	3rd	4.08	1st
Lessening market journey	4.01	2nd	3.85	4th	3.99	2nd
Development of business skill	3.84	3rd	3.92	2nd	3.85	3rd
Promotion of social interaction	3.80	5th	4.06	1st	3.84	4th
Offer of Employment	3.82	4th	3.82	5th	3.82	5th
Exploiting building economic value	3.45	6th	3.73	6th	3.49	6th
Cityscape enhancing	3.41	7th	3.71	7th	3.46	7th
Security	3.37	8th	3.57	8th	3.40	8 th

Table 2. Omnibus tests of model coefficients

	<u>Chi-square</u>	<u>Df</u>	<u>Sig.</u>
Step	47.568	8	.000
Block	47.568	8	.000
Mode	47.568	8	.000

Table 3. Model summary

Step	-2 Log likelihood	Cox & Snell R square	Nagelkerke R square
1	644.441a	.056	.099

a. Estimation terminated at iteration number 20 because maximum iterations have been reached. Final solution cannot be found

The actual impacts of the predictors are reported in Table 4.

From the Table 4, three variables are noted to have contributed significantly to the predictive ability of the model. These are provision of quick service ($p = 0.000$), enhancing built environment ($p = 0.005$) and enhancing social interaction ($p = 0.023$). The Beta (B) gives negative value for Enhancing built environment and social interaction. These outcomes suggest the probability of decreasing street trading as there is more initiative to cityscape enhancement and create suitable social interaction. Each of these shows Wald value of 7.930 and 5.183, to describe high contribution of these variables in explaining variation in street trading activities. With additional improvement to cityscape enhancement and social interaction the odd of going into street trading reduces by a factor of 0.695 and 0.701, all other things being equal. On the other hand, beta value associated with running of quick service is positive. Unlike other two factors, this suggests the probability of increasing street trading and the 13.463, the Wald value, implies greatest contribution to the variability of street trading. A strong will to provide quick service in the neighbourhood heightens the probability of emergence of street trading by a factor of 1.884. This is consonant with the established fact in reviewed literature that informal sector is regarded as economic tool or a quick resort not only to the operators or service providers but also to the consumers of the goods and services provided by this sector in the developing countries

Table 4. Variables in the equation

Variables	B	S.E.	Wald	
Df	Sig.	Exp(B)		
q32a	.138	.123	1.248	
1	.264	1.148		
q32b	.633	.173	13.463	1
	.000	1.884		
q32c	-.364	.129	7.930	
1	.005	.695		
q32d	.010	.149	.004	1
.948		1.010		
q32e	-.129	.128	1.003	
1	.317	.879		
q32f	-.197	.135	2.123	
1	.145	.821		
q32g	.047	.153	.096	1
.757		1.049		
q32h	-.356	.156	5.183	
1	.023	.701		
Constant	2.339	.808	8.390	
1	.004	10.375		

Note: q32a= Lessening market journey; q32b= Running of quick service; q32c = Cityscape enhancement; q32d=Development of business skill development; q32e = Offer of Employment; q32f =Exploring building value; q32g =Security; and q32h= Promotion of social interaction.

Table 5. Factors for the emergency of informal activities

Variables	Low density		Medium		High density			
	Fr	%	Fr	%	Fr	%	Fr	%
Total								
Reason for involvement	11	22.9	91	20.9	168	34.1	270	27.7
Personal interest	20	41.7	233	53.6	221	44.9	474	48.68
Unemployment	2	4.2	5	1.1		10	2.0	17
To argument salary	1	2.1	8	1.8		11	2.2	20
Retirement	12	25	77	17.7	52	10.6	141	14.5
More profitable	2	4.2	21	4.8	30	6.1	53	5.4
No/low formal education	48	100	438	100		492	100	975

Factors influencing the emergence of street trading as shown on Table 5 above indicate that majority (48.6%) of the respondents involved in the street trading as a result of unemployment. Considering the factor of involvement across contrasting density areas, 44.9%, 53.6% and 41.7% of the high, medium and low-density areas respectively got involved as a result of unemployment. However, 34.1%, 20.9% and 22.9% of high, medium and low densities got involved as a result of personal interest; 2.2%, 1.8% and 2.1% got involved because of retirement consideration and 10.6%, 17.7% and 25% got involved as they considered the sector more profitable than formal sector while 6.1%, 4.8% and 4.2% in high, medium and low densities respectively got involved as a result of their low level of education. When the response from the three densities were considered together, the factors of involvement across the contrasting residential areas reveals that 27.7% was due to personal interest, 1.7% to augment salary, 2.1% due to retirement consideration, 14.5% considered the sector to be more profitable than other sectors while 5.4% was due to low formal education. This result confirmed the earlier assertions of researchers such as (Folawemo, 2009); (Yusuf 2009), (Lawanson 2011), (Farinmade & Anyankora, 2012) and (Lawanson & Olanrewaju, 2012) that persistent expansion of informal sector in Nigeria and other developing countries is due to high rate of unemployment. However, this study goes further in revealing that although

unemployment seems to be the principal factor, other supportive factors such as personal interest, desire to augment salary, retirement consideration, low level of education play a crucial role in street trading expansion in the study area.

CONCLUSION AND RECOMMENDATIONS

This study has succeeded in bringing to fore the factors behind the invasion of street trading in housing zones in the study area. The leading factor of invasion of the street trading as revealed by the respondents is running of quick service (Mean = 4.11). This is closely followed by lessening market journey (Mean = 4.01), development of business skill (Mean = 3.84), offer of employment opportunity (Mean = 3.82) and promotion of social interaction (Mean = 3.80). The study found that many factors contributed to the invasion of these trading activities in the study area, and, of course at varied proportion. The revealed factors are unemployment, personal interest, to augment salary, low level of education, retirement consideration while others considered the sector more profitable than formal sector.

The invasion of the street trading activities is in agreement with the demands of smart growth city principles. The principle underscores the importance of mix development against the old style of planning for single use. A compact, mixed-use city will attract fewer municipal services and efficient utilization of infrastructure. In consideration and application on these realities, housing zone design should be redesigned to reflect current trend in planning. The planning and management of a metropolitan area presuppose that the formal and informal economic features be taken care of for economic vibrancy of the metropolis and financial well-being of her residents. The end result will be an efficient compact city development and the utilization of urban resources for optimal production devoid of stress.

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