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AN EXPLORATIVE STUDY OF THE CONTRIBUTION OF THE INFORMAL SECTOR TO ECONOMIC ACTIVITIES IN LAGOS, NIGERIA

Cathy-Austin Otekhile¹andOluwatoyin Matthew²

*¹Department of Management and Marketing, Faculty of Management and Economics, Tomas Bata University in Zlín, nám. T. G. Masaryka 5555, 760 01 Zlín, Czech Republic.
e-mail: cotekhile@gmail.com,*

*²Department of Economics & Development Studies, College of Business & Social Sciences, Covenant University, Ota, Nigeria,
e-mail: oluwatoyin.matthew@covenantuniversity.edu.ng*

Abstract

The informal sector plays a vital role in providing employment for the teeming unemployed in Nigeria. Therefore, this study is a critical appraisal of the pros and cons of street trading and shows that with proper regulation and control; within the parameters of freedom to economic opportunity and success, street trading could be a positive though not a core force in the socio-economic transformation and development of poorer urban communities. The study is a descriptive one that shows that the impracticality and vague regulations need not prevent street traders from exercising their innovativeness. This represents a challenge to the view that prosperity can be attained only by promoting large-scale public and private economic enterprises and suggests the need to provide everybody with the latitude to contribute their own share; however meager individual contributions and accomplishments may appear. The major findings revealed that street trading is one of the ways of providing employment and generating a source of livelihood for the unemployed. Hence, the Federal Government of Nigeria should encourage the emergence of micro businesses by providing loans to their operators.

Keywords: Street Trading, Economic Enterprises, Informal sector, Lagos, Nigeria.

JEL: E26, O17

1. Introduction

Economic activities are actions that involve the production, distribution and consumption of goods and services at all levels within a society. Gross domestic product or GDP is one way of assessing economic activity, and the degree of current economic activity and forecasts for its future level can significantly impact business activity and profits, as well as inflation and interest rates. Economic activities can be classified into profession, employment and business. Profession is an occupation carried on by professional people like Doctors, Lawyers, Engineers, and so on. Employment is a type of occupation under which one person provides his services, physical or mental to someone else in return for which he gets salary or wage. Business, on the other hand, is an economic activity concerned with production and distribution of goods and services with the aim to earn profit. It includes all those activities which are directly or indirectly concerned with production, purchase and sale of goods and services. So the production, marketing, advertising, warehousing, insurance, banking, and so on is all business activities. The informal sector encompasses all jobs which are not recognized as normal income sources, and on which taxes are not paid. The term is sometimes used to refer to only illegal activity, such as an individual who earns wages but does not claim them on his or her income taxes, or a cruel situation where people are forced to work without pay. However, the informal sector could also be interpreted to include legal activities, such as jobs that are performed in exchange for something other than money. Street trading is regarded as a business activity that is found in the informal sector of Nigeria. The informal sector is made up of more small-scale businesses of which street trading constitutes a very high proportion of the total population which is estimated at about 60 percent in 2015 (NBS, 2016). However, for the purpose of this study, street trading is defined as including traders of any type of goods and services, which may include: fruits and vegetables, newspapers, cosmetics, jewelry, watches, ladies' bags and wallets, secondhand clothes to shining of shoes on the streets and highways. Street traders essentially transform streets into arenas for various economic activities for a living (Wang, 1998). This definition includes even those traders who are commissioned by formal retail outlets, and by no means informal traders in their own right, rather, appendages of the formal retail outlets in every sense, as a mechanism to expand the formal retail market outreach (Rudman, 1988).

The discussion of street trading cannot be exhaustive without reference to the informal sector, since many people perceive street trading as a manifestation, offshoot, spillover and often prodigal subset of the urban informal sector. The term informal sector itself is a chameleon, a genre that eludes explicit characterization. Despite decades of scholarship, our knowledge of the informal sector is still abysmal (United Nations, 1996; Post, 1996; Niger-Thomas, 2000). The structure of the informal sector let alone its conduct and performance remains murkily obscure, probably a reflection of a legacy of disinterest. Governments, academics or public commentators do not consider it worthwhile to collect the facts, making it difficult to research. The psychology of the small businessman or

woman, his independence and individualism, have often appeared to create an allergy or even outright consternation to the scrutiny of public interest or research (Boswell, 1973). It is not within the scope of this article to explore all the possible definitions. What is essential is to appreciate the consensus that appears to permeate discourses and conceptualizations of the informal sector among scholars and policy makers.

In our view, the informal sector constitutes economic activities involving the production and distribution of goods and services that are not registered and regulated by the state or local government in contexts where similar activities are regulated (Sinclair, 1978; United Nations, 1996). Such unregulated activities assume different names in different circumstances. Hope (1997, 2001) produced a catalogue of names describing various aspects of the informal sector such as subterranean, underground, unofficial, hidden, shadow, invisible, black, small-scale, micro-enterprises, and the second economy. These terms are informative of different aspects or activities that fall in this sector and serve to argue that it excludes those activities legally proscribed and sanctioned, which are indeed by their nature criminal, underground or hidden (United Nations, 1996). Suffice to argue that the informal sector is, in this regard, perceived with respect to the formal sector; the visible, official, the large-scale and first or most significant sector- comprising of government or public service and the private sectors - banking, factory based manufacturing, import and export of goods and services, what Santos (1979) termed the upper circuit of the economy. Our argument is that, most of these terms suggested by Hope are less appropriate in defining street trading because it is not underground, invisible or hidden since it is carried out in the open with or without official recognition. Defining the informal sector in terms of its characteristics would therefore be more appropriate to situate street trading. Some of the characteristics of the informal sector activities are: small scale in size, labour intensive, low fixed costs, use of simple technology, reliance on family labour, use of personal or informal sources of credit, non-payment of taxes, relatively easy to establish and exit, and so on (Hart, 1973; Fidler and Webster, 1996; Hope, 2001).

In as far as street trading fits this characterization, and then it is indeed a segment within the informal sector. However, for clarification sake, we would say that all street traders are informal economy operators while not all informal economy operators are street traders; the distinction is largely based on whether one operates on a roadside or sidewalk or not. Therefore, the objective of this study is to explore the contribution of the informal sector (with emphasis on street trading) on economic activities in Lagos, Nigeria. The study has four sections, each dealing with the different aspects of the study. Section one is the introduction, section two presents a review of relevant literature, while section three discusses street trading in Nigeria and Lagos (which is the main city of focus) of the study. Section four contains the conclusion and relevant policy recommendations.

2. Literature Review

The study of the subject of street trading lacks both a well-defined theoretical and analytical framework. As a segment within the informal sector, debates about street trading are subsumed within the theoretical discourses on the informal sector. Since its debut in development studies, debates on the informal sector tend to be polarized into two grand discourses in socio-economic debates, namely, the reformist and Marxist schools (Nattrass, 1987). Although we find the insights of these two perspectives informative for a fair appreciation of the place for street trading in socio-economic development discourses, we observe the need to add the gender perspective and the health and environmental concerns and debates around street trading. The reformist school draws inspiration from the observations of the International Labour Organization (ILO) mission to Kenya in the 1970s; Hart's discourses of the informal income opportunities and urban employment of Accra, Ghana, in the 1970s and other country based studies in the 1980s and 1990s; and the World Bank (WB) and African Development Bank reports. The reformists perceive the informal sector as an important sector having vast vitality for employment creation, on job training or developing entrepreneurial skills, and promoting economic growth (Fapohunda, 1985; United Nations, 1996). This view has been echoed in a large body of literature in developing countries experiencing precarious socio-economic prospects due to declines of the formal economy, rising unemployment and underemployment, and rising poverty levels (Rogerson and Hart, 1989; Hope, 1997, 2001).

Considerable rhetorical emphasis is placed on the potential role of the informal sector in alleviating poverty and unemployment. The idea is to recognize the contribution of informal sector and to promote the informal ways of economic life popularly termed the informal sector. It is acknowledged that the competitiveness of the informal sector derives from lack of bureaucratic and hierarchical structures, unregulated operating environment, and informality, making business in informal sector cost-effective and profitable to the participants. Often, the argument has been that, to enhance the benefits emanating from the informal sector, focus should be on securing an environment free from bureaucratic constraints. However, it could as well be argued that, the lack of regulation is a disincentive as it jeopardizes the vitality of the informal sector chiefly because as a non tax-paying sector, governments are swift to disregard or at best to ignore it completely with grave consequences. The reformist ignores the structural dependency and interdependency of the informal sector and the formal economy, a gap that Marxists adopt as their point of departure.

The Marxist school focuses on the structural dependency and exploitative relations between the formal and informal sectors. In Marxist discourses, (Nattrass, 1987), the informal sector is a 'marginal' sector involving 'petty commodity production'. As a 'marginal' or a 'petty commodity production' sector, Marxist theorists argue that the informal sector is just a distinct 'marginal pole' which by acting as a reserve army of labour and producing or offering cheap, poor quality, subsistence goods and services; facilitates capital accumulation in the formal sector (Tokman, 1978; Moser, 1978). By implication, the participants in the informal sector or the 'lumped proletariat' or 'the dangerous classes'

(Fapohunda, 1985) make little contribution to Gross Domestic Product (GDP). This means that there would be very little loss to the economy, as a whole, if the informal traders are taken off their occupation. Such a view is hostile to the informal sector and governments pursuing this line of thinking do not see any need to provide physical, economic and social space for informal economic operators, such as street traders. It is however critical to recognize that the informal sector is not just subordinate to the formal sector, as Marxists posit, but that, it compliments, if not challenges the formal sector. Although both informal and formal sectors of an economy, are subordinate to the structural constraints of the broader national and global economy, the informal sector is a challenge to the formal sector, because it enhances social justice by accommodating people not considered fit in the formal sector, by undermining and even displacing the formal economy (Emizet, 1998).

The potential of the informal sector to promote social justice becomes clearer when one takes a gender perspective, which focuses on the level of participation in the economy by males and females. Studies in Africa and other countries in the developing world, indicate that women constitute the principal labour force in the informal sector, particularly in such activities as food and beverages, retail trade, pottery, basket weaving and cross border trade (Murry, 1991; United Nations, 1996). A sectoral analysis of women's participation in the informal sector, for instance, in the Democratic Republic of Congo (DRC), the Gambia and Zambia, indicates that women are highly involved making 94.1, 88.9 and 90.6 percent of retailers, respectively (United Nations, 1996). The dominance of female participants in the informal sector is a factor of low education and employable skill levels among women, which preclude a majority of them from directly enjoying the benefits of a growing formal sector. However, radical feminists would argue that the trend reflects the gender imbalances (with women relegated to the informal sector) inherent in patriarchal societal arrangements that favour males to females, in education and skill training and employment. Levenson and Maloney (1998) developed a model in which allowing informal operation encourages the start up of new business. Over time, the most productive of these new firms grow and the least productive shut down. Growing firms evolve into formal firms as the benefits of formality such as access to various legal protections for increasingly complex business relationships become more important to them. Azuma and Grossman (2002) developed a model in which allowing an informal sector to opt out of paying taxes may increase government revenues and aggregate output. In their model, there is a distribution of productivity across firms and each firm has strictly private information about its own productivity. A high tax coupled with the provision of government services only to firms that choose to pay can be Pareto superior to a lower tax forcibly levied on all firms.

2.1 Legitimacy of Street Trading

As a most conspicuous aspect of the Urban Informal Sector (UIS), street vending is caught within this matrix of pro and counter arguments of the informal sector. To the reformist, the economic value of street vending cannot be overemphasized. Street trading contributes to job creation, income generation and distribution, and conveniently provides goods and services (Murry, 1991). In this regard, street trading provides a viable alternative for subsistence living in urban areas to formal employment and the parasitic or anti-social

occupations like theft, prostitution and destitution (Murry, 1991). Hart (1973), one of the pioneers in the informal sector scholarship would argue that, it is a buffer against instability and insecurity of work and income opportunities among the urban poor. Street vending should therefore be seen as a survival strategy for the groups of people relegated to work and eke out a meager existence in 'the dungeons of the informal sector' (Rogerson and Hart, 1989). Trading on the streets is or represents one particular avenue of 'legitimation and recognition' for urban residents who discover that the 'promises of modernity are fast becoming a broken dream for all but an elite few' (Nyarnnjoh, 2002). Instead of engaging in criminal activities, a considerable number of people settle for street vending to make ends meet at the same time providing conveniently, cheap consumer goods at negotiable prices.

Street trading is blamed for contributing to environmental problems. Street vendors are noted for erecting structures, which do not by any means conform either to building codes, or zoning regulations. Street traders sometimes hawk sidewalks and force crowds out into the street creating serious traffic situations. Street food vendors are noted for generating excess litter, which stretches the capacity of sanitation departments to keep the cities clean. Street food vending also poses health risks, particularly the spread of food-borne diseases (Bromley, 1978; Rogerson and Hart 1989; Murry, 1991). In addition, street trading is a security concern; it encourages crowding of people in the streets, thereby providing a haven for criminal activities (Rogerson and Beavan, 1985). No wonder street trading is regarded as a social evil and an affliction to be purged. It is regarded as an inappropriate form of earning a living and inconsistent with the ideals of economic life for the city because it minimizes the comfort that is hypothetically a characteristic of urban life. Taking cities as the abode of modernity, one would be forced to argue that street vending is inconsistent with modernity. (Post, 1996).

2.2 Debating Street trading in Nigeria

Despite considerable economic progress which has earned Botswana as one of the top African economic success stories, there are just not enough jobs for everyone seeking formal employment. Unemployment is becoming a serious concern, both in rural and urban areas (Butale, 2001). It contributes to state of idleness, which may in turn worsen poverty. In 1991, it was estimated that 21 percent of families in Lagos were below the poverty datum line (PDL) compared to 55 percent national average (Hope, 1997). Although these higher levels of unemployment have not lead to socio-political problems or chaos, it is worth noting that in other countries in Africa and Latin America, even in the developed countries of Europe, unemployment and poverty have culminated in serious crime levels, chaos and socio-political instability among other factors (O'Connor, 1991; Hope, 1997). The popularity of rightwing political parties in Europe Union countries, for instance, and growing vigilantism among the youth in Nigeria's oil rich delta province is attributed to worsening unemployment and dwindling socio-economic fortunes. The discussion of street trading in Nigeria is focused on Lagos. The survey suggests that street traders are the most conspicuous informal economic actors in Lagos State. The growth of this sector of the informal economy evolves, we surmise, from the felt needs by the operators. If not, what

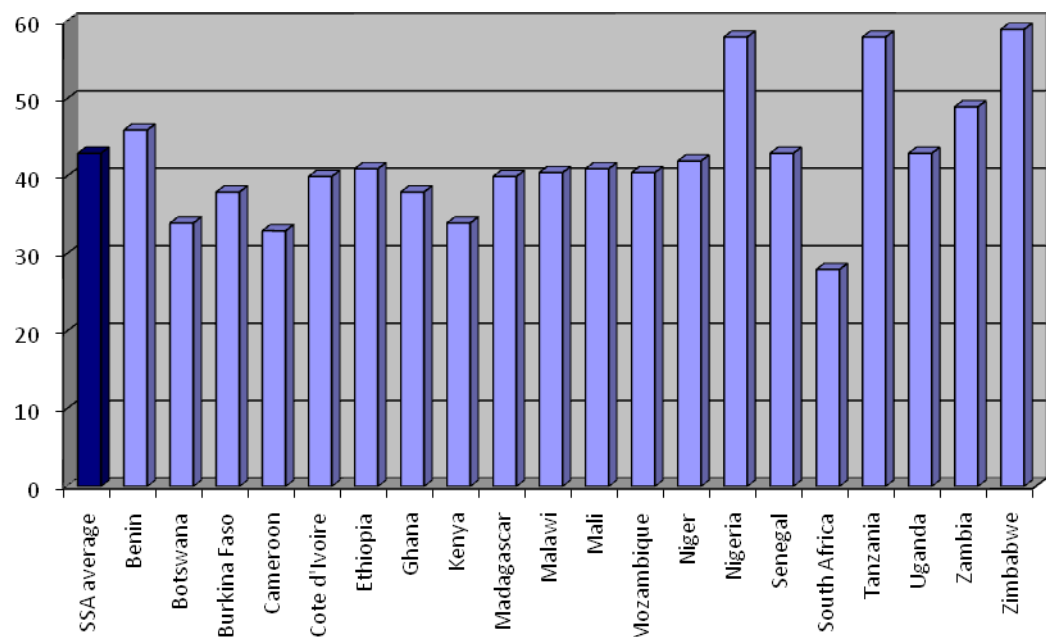
could be the driving force for the men and women we see on the streets, in and around shopping malls and car parks; selling one thing or another? Our guess is that these people are not philanthropists or good Samaritans motivated to administer to the services and food needs of the people for nothing. As the situation would suggest, the taxi operators and street traders we see around town are driven by felt needs, which as of necessity, could be met by offering something for sale on the streets. The choice of street vending, in particular, manifests poor socio-economic prospects arising from inadequate job opportunities in the civil service and the private sector.

Most discussions of the informal sector in Nigeria have focused on the promotion and strengthening of informal production of goods rather than retailing (Somolekae, 1992, Briscoe, 1995). Although the motive could be appreciated from the need to diversify the export base, reduce reliance on imports and strengthen citizen participation in the productive activities (Briscoe, 1995); one is left to wonder if all the retail needs of the public could be adequately addressed or satisfied by the supermarkets that dominate the retail landscape. In a study of urban informal sector profiles, linkages and constraints in Francistown, Butale (2001) acknowledged the existence of street trading, but treats street trading as a mere off shoot or spillover of non-street informal production and distribution of goods. This approach reflects official policy in most countries where streets are perceived as an abode of vehicles and, as the general sentiment is that 'no business belongs to the streets' (Jimu, 2003). Street trading has a lot to contribute to the socio-economic development of poorer segments of urban Nigeria. Take the situation of Lagos and its diversified forms of street trading enterprises. The street traders offer goods and services ranging from fruits and vegetables, clothes, cell phone chargers and repairs, audio tapes, cell phone recharging, top up cards and mobile phone services; just to mention a few. Our discussion of the points should not, however, blind us to the demerits of street trading which would suggest that in the absence of proper mechanism for regulation and control, street trading could become a hurdle to the realization of such a vision. The few street traders we talked to are self-employed and survive largely on the proceeds from street trading. The alternative to these street traders is unemployment.

Street trading strengthens the economy by stimulating small and micro production and the development of an entrepreneurial spirit. The street traders provide small formal manufacturing firms with marketing channels. They also boost formal wholesalers' sales as well as attract consumers and tourists from other parts of the country and the world. The combined effect is that street trading allows the circulation of products at an increased rate by lowering distribution cost of producers. Indirectly the sustained growth may provide local revenue indirectly through trading rates. City authorities and other segment of the society may not perceive the proliferation of street trading as an opportunity. It would not come as a surprise because street trading makes little or no direct contribution to the force in discourses of this nature. The officials of the state may be part time businessmen and women (street traders) themselves, and if they are not, their wives or close kin (Eades, 1985). This observation contradicts the classical view that people who earn incomes from street trading are the jobless. Straddling the formal- informal sectors (Niger-Thomas, 2000) becomes the order of the day in situation of precarious socio- economic opportunities.

Schneider and Enste (2000) used the graph below to show the size of the informal economy as a percentage of Gross National Income (GNI), which ranges from under 30 percent in South Africa, the continent's largest economy, to almost 60 percent in Nigeria, Tanzania and Zimbabwe. The average in sub-Saharan Africa (SSA) is 42.3 percent. This average is rather high when compared to the figure of the advanced countries which is estimated to be less than 30 percent. The informal sector in Nigeria is comprised of small-scale enterprises that do not have the businesses registered with the appropriate authorities responsible for registration of businesses.

Figure 1 – Size of the Informal Sector in some sub-Saharan African Countries (ratio of GNI in 1999)



Source: World Bank Doing Business database. This indicator measures output in the informal economy as a share of Gross National Product (%GNP, 1999/2000) sourced from the study by Schneider (2002).

2.3 The Determinants of Informal Entrepreneurship

The 17th International Conference of Labour Statisticians (ILO, 2003) defined informal employment as a broader concept, which includes the informal sector but also informal

employees working for formal economic units without being registered or declared by their employers. For national accountants, figures on informal employment can then be of some help in their compilation, particularly when they try to reconcile data on output, income and expenditure. Informal employment in developing countries like Nigeria is characterised by a number of traits {Vishwanath, (2001) and Avirgan *et al.* (2005)}. Besides the high proportion of women and self-employment, there are also a number of other defining determinants of informal workers in terms of education levels, wages (and hence, poverty), hours worked and overall employment conditions. In particular, informal employment is characterised by the lack of decent work or deficits in comparison with employment in the formal segment of the economy, these are the defining determinants of entrepreneurs in the informal sector include:

Firstly, workers have lower levels of education and rates of literacy compared with the formal sector, reflecting that poor human capital increases the probability of participation in the informal sector. As reported in Braude (2005), there is a stark difference in the education levels of workers in the South African informal and formal sectors – 37 percent of workers in the informal economy in South Africa have not completed primary school education compared to only 16 percent for the formal sector. Related to low education is the phenomenon of skill mismatch, which occurs when job seekers lack the skills, demanded by employers. This problem is evident in the urban labour markets of many African countries where school leavers seek a job in the public sector, but as a consequence of downsizing and retrenchments, there are few opportunities. At the same time, these youths do not have appropriate skills for other forms of formal sector employment in industry or service activities. These youths, therefore, end up unemployed or working in the informal sector, with many of them still “queuing” or waiting for a job in the public sector.

Secondly, given that wages are usually much lower in the informal sector; rates of poverty are subsequently higher amongst workers and families who rely on informal employment. According to the International Labour Organisation (ILO), wages are on average 44 percent lower in the informal sector (ILO, 2002). It was found out that the informal workers in Egypt earn approximately 84 percent on average of what workers receive in the formal sector. Similar results were also found for South Africa (Braude, 2005). However, such estimates do not control for occupation, which has been found in the gender wage gap literature to have a large impact on the disparity between female and male wages.

Thirdly, informal sector workers typically work longer hours in the week; results for Egypt suggest that the average number of hours worked in the informal economy was 51.6 in 1998, while it was only 44.6 in the formal segment of the economy (Braude, 2005). Other decent work deficits that are more prominent in the informal economy vis-à-vis the formal sector include poor health and safety, high job insecurity, no worker representation and few opportunities for skill enhancement (ILO, 2002). Finally, child labour is a persistent problem in the African informal sector, an issue addressed in Xaba *et al.* (2002).

3 Methodological Approach

An exploratory approach was used to examine the contribution of street traders to the economy. For the purpose of this study, the researchers used a purposive sampling technique. The data was collected with the aid of the two research assistants who assisted in administering the questionnaires to the respondents. The survey was carried out amongst 2,000 street traders in Ikeja and Oshodi areas of Lagos State. An extensive literature review revealing the different school of thoughts and all other debates surrounding street trading is enumerated.

4 Results and Discussion

The respondents were made up of young men and women. 1,800 questionnaires were retrieved back from the respondents representing 90 percent response rate. This implies that 10 percent (200 out of 2000) of the questionnaires were not retrieved. Table 1 presents the analysis of the responses. From table 1, as regards the types of trading activities, four types were focused on in this study viz; the sale of consumables, the sale of sachet / table water, the sale of newspaper / magazines and the sale of car accessories. 450 respondents apiece were recorded for each of the trading activity, this represented 22.5 percent each of the total respondents. In terms of the duration of time involved in the business, 1,250 of the respondents have been involved in street trading in less than a year, 400 respondents have been in the business between 1 and 4 years while 150 respondents have been doing the business between 5 and 9 years, this represented 62.5 percent, 20 percent and 7.5 percent respectively. 1,350 respondents started the business with less than N10, 000, 250 respondents started with between N10, 001 and N20, 000 while 200 respondents started with N20, 001 and above, this represented 67.5 percent, 12.5 percent and 10 percent respectively. 900 respondents make a sale of less than N30, 000 weekly representing 45 percent, 480 respondents sell on a weekly basis between N30, 001 and N50, 000 representing 24 percent and 420 respondents have weekly turnover of N50, 001 and above, this represents 21 percent of the total respondents (See Table 1). Concerning the average weekly profit made by the respondents, 600 respondents make a weekly profit of less than N20,000 representing 30 percent of the total respondents, 850 respondents (42.5 percent) make between N20,001 and N40,000 weekly profit while 350 respondents (17.5 percent) make N40,001 and above weekly profit. The result also revealed that 1200 respondents were males while 600 were females, this represents 60 percent and 30 percent of the total respondents respectively.

The results in Table 1 also showed that most of the respondents are youths, 1,200 respondents fall within the age group of 10 and 19 representing 60 percent, 500 respondents (25 percent) are between the ages of 20 and 29 years and 100 respondents (5 percent) fall within ages 30 and above. In terms of the nationality of the respondents, 1500 respondents (representing 75 percent of total respondents) are Nigerian while 300 are non-Nigerians; this represents 15 percent of total respondents.

Table 1: Responses of Sample Survey

Variables	Frequency	Percentage (%)
Types of Trading Activities		
Sale of consumables	450	25.0
Sale of Pure/Table Water	450	25.0
Sale of Newspaper/Magazines	450	25.0
Sale of Car Accessories	450	25.0
Duration of time involved in the trading activity		
Less than a year	1250	69.4
1-5 years	400	22.2
6-10 years	150	8.3
Initial Capital		
Less than N10,000	1350	75.3
N10,001-N20,000	250	13.9
N20,001-Above	200	11.1
Average Weekly turnover		
Less than N30,000	900	50.0
N30,001-N50,000	480	26.7
N50,001-Above	420	23.3
Average weekly Profit		
Less than N20,000	600	33.3
N20,001-N40,000	850	47.2
N40,001-Above	350	19.4
Sex		
Male	1200	66.7
Female	600	33.3
Age		
1—19	1200	66.7
20- 29	500	27.8
30- Above	100	5.6
Educational Qualification		
Primary	1000	55.6
Secondary	500	27.8
Vocational Training	300	16.7
Nationality		
Nigerians	1500	83.3
Non- Nigerians	300	16.7

Source: Authors' Computation from field survey, 2017.

Finally, the educational qualification of the respondents, the result in Table 1 showed that 1000 respondents (representing 50 percent of total respondents) are primary school leavers, 500 respondents (25 percent) have secondary education while 300 respondents (15 percent) have vocational training experience. The results from this analysis reveal that street trading provides job opportunities for the teeming unemployed youths in Nigeria, it provides a form of livelihood for the traders and their dependants as well as provides an avenue where some of these street traders can save some money in order for them to be able to further their education in tertiary institutions. Therefore, the informal sector makes a huge contribution to economic activities which culminate in the growth of the country.

Table 2 showed the share of street trading to family income and the informal sector's contribution to the industrial sector aggregate income of Nigeria in columns II and III respectively. The figures in the table show that the share of street trading in the total income of families is highly significant. These figures represent averages of the aggregate values. It steadily increased from 48.1 percent in 2009 to 52.7 percent in 2015. With respect to the contribution of the informal sector to the industrial sector of Nigeria, it is observed that the contribution is significant evidenced in the increase from 53.2 percent in 2009 to 57.5 percent in 2015. Though, the figure showed a slight decline from 58.6 percent in 2013 to 57.9 percent in 2014, and 57.5 percent in 2015. This may be as a result of the downturn in the level of economic activities experienced in Nigeria between 2013 and this present period (2016).

Table 2: Informal Sector Indicators

Year	Street Trading contribution to aggregate family income(%)	Informal Sector share of the total industrial sector income (%)
2009	48.1	53.2
2010	47.8	54.1
2011	49.0	55.3
2012	50.2	56.7
2013	51.3	58.6
2014	52.5	57.9
2015	52.7	57.5

Source: Authors' Compilation from NBS Data, 2016.

5 Recommendations and Conclusion

5.1 Recommendations

Based on the findings of this study, the recommendations of the authors are outlined as follows:

1. Since the contribution of the informal sector to employment generation in Nigeria cannot be overlooked, and street trading constitutes a major part of the informal sector, small-scale enterprises should be encouraged. The government should provide loans with low interest rates so that the street traders in the informal sector

can have enough money to expand their businesses. This form of businesses is also avenues of creating employment for the unemployed in the society. This will in turn bring about the growth of the Nigerian economy.

2. The Nigerian Government through the various state governments should build shopping complexes at affordable rates that the street traders will be able to rent, this will help provide business centres for the street traders to do their businesses in these centres. This would reduce if not completely eliminate the risks these traders face on the streets while transacting their businesses.
3. If indeed street trading could be more labour intensive, more geographically dispersed or more accessible to indigenous entrepreneurs, promoting its growth and diversification may significantly contribute to meeting the policy goals of employment creation and improved distribution of income as well as help to reduce the crime rate in Nigeria.
4. Sometimes the argument is that social returns are hard to quantify and predict, and the tendency is to dismiss everything that is not amenable to conventional economic analysis and quantification. Every mile starts with an inch; socio-economic success starts with small leaps. Hence, the authorities concerned can start by giving little encouragement to the informal sector which includes street traders.

5.2 Conclusion

This study should be understood as a challenge to policy makers and social researchers. The prickly issue should be, having attempted to establish the rationale for the existence of street trading, to what extent could we argue that its growth is not necessarily and entirely negative and undesirable. What is required to enhance its significance? And what methods should be in place to make street trading more functional? One view is to urge the government, as regulator, promoter and facilitator of development, and its agencies to give support in the form of credit, technical aid and secure tenure to street spaces, to further stimulate a culture of enterprise. To minimize dislocations, such incentives should be made available to all people engaged in street trading. The basis of this argument is the recognition that, street trading often develops without the active encouragement of public authorities and frequently with their disapproval (Rodgerson and Hart, 1989; Murry, 1991 and Butale, 2001; Jimu, 2003). Other people, however, persist in their perception of street trading and the informal sector as an aberration and a nuisance, on the pretext that the benefits are hard to quantify for government planning. The informal sector plays a significant role in the development of the Nigerian economy, this is seen from the results obtained from this study.

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