

Internal Migration and Welfare of Street Traders in the Urban Informal Economy of Nigeria

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Abstract

This study examines the employment and income opportunities being enjoyed by migrants and non-migrants in street trading sub-sector of the urban informal economy in Nigeria. The welfare implication of such employment was also examined in the study using both the logistic model and the modified Mincer's model. The data for the study was generated from a cross-section study conducted in four geopolitical zones of Nigeria in the year 2011. These zones are the South-West, South-East, South-South and the Northern parts of Nigeria. The main instrument of data collection was the questionnaire administered in the selected cities. Analysis of data revealed that majority of street traders interviewed are migrants, and about 72 percent of them reported improvement in welfare. According to the result of the earnings function estimated, migration variable is a statistically significant variable affecting welfare, among others. Therefore the need for policy measures that will create income and employment opportunities in the rural areas and cities cannot be over-emphasised.

Key words: Internal migration, youth, employment, street trading

Introduction

The two-sector model of Arthur Lewis in the mid-1950s was an attempt to explain the development process in labour-surplus economies of developing nations. The theory, popularly referred to as the two-sector dualistic model posits that the economy is made up of two sectors: the traditional and the modern sectors. This classical model, as opposed to the neoclassical, is of the view that the modern sector is small, uses capital intensive mode of production and pays higher wages than the traditional sector. The traditional sector is, on the contrary, larger, uses little or no capital in the production process and labour is surplus to the extent that its marginal productivity is zero. The labour wage in the traditional sector equals the average total product, and as earlier stated, it is less than the urban wage. Thus, labour transfer from the rural to the urban sector appears rational. This is because of the welfare enhancing attributes it has for rural-urban migrants. Besides, the process of rural-urban labour transfers helps to remove excess labour from the rural traditional sector to the urban industrial sector. At the higher wage paid in the urban sector, the Lewis theory posits a perfectly elastic supply curve of labour to the urban sector from the rural traditional sector until all the surplus labour in the rural sector are removed after which the labour supply becomes positively sloped (Lewis, 1954).

The driver of industrial growth in the modern sector, according to the two-sector model, is the extent of capital accumulation brought about by the reinvestment of profit. The rural-urban labour transfer was expected to continue until all surplus labour is attracted to the urban industrial sector and both the rural and urban wages are equalized. This theory has propelled many LDC's government into investing heavily in the urban industrial and infrastructural development in order to promote growth and development. The urban industrial growth coupled with urban-bias in development has attracted many residents of rural areas into cities leading to problems like urban congestion and slums, urban open unemployment leading to several social vices. However, the two-sector dualistic model and other conclusions drawn from it have not gone unchallenged (Burnside and Dollar, 2000; Easterly 2003; Ranis, 2004; Todaro, 2009).

Notwithstanding, the model can be credited for explaining the phenomenon of rural-urban labour transfer process where the rural unemployed and the underemployed migrate to the urban centres in search of formal sector employment. Due to the low labour absorptive capacity of the urban formal sector, many of the recent migrants who do not obtain the desired wage formal sector jobs do ultimately settle for low-wage urban informal paid employment, or self-employment in the informal economy. Thus, internal movement represents labour redistribution process between areas of perceived low economic opportunities to another area of perceived enhanced economic opportunities. Among the various types of employment opportunities in the informal economy are those requiring little or no restriction of entry and exit, as well as low initial capital. A typical example of such business ventures is street trading in the urban centres of developing economies (Ijaiya, 2000; Lee, 2004; Motala, 2002; Kwankye, Nyarko and Tagoe, 2007; Dudley and Leon, 2010).

Street trading is a sub-sector of the micro and small businesses in the informal economy which has been commonly referred to in the literature as the unregulated and unorganised activities that are prominent in developing nations of the world. However, despite the increasing number of participants in this sector, there has not been any known

empirical study that measures and compares the welfare gains of migrants and non-migrants. Although there are studies directed towards identifying the role of the urban informal in the provision of employment and income (Ogunrinola, 1991; Todaro, 1997; Lund, Nicholson and Skinner, 2000; Cornwell and Inder, 2004; Lall, Selod, & Shalizi, 2006; Debra, 2007; Agbali, 2009; among others) yet not much is known of the extent of internal migration and the welfare status of migrants compared with that of the non-migrants. Agbali (2009) attempted a study of the street trading sector in Jos, Nigeria, yet his study did not relate to welfare gains of the migrant and non-migrants in the street trading activities. Given the above scenario, several research questions become pertinent: In the first place, how do the recent migrants into the cities survive in the face of open urban unemployment without an unemployment insurance benefit? Second, for those who are constrained to take up informal sector jobs, are such employments taken up as lifetime career or temporary jobs? Third, from what geo-political zones of Nigeria are the migrants largely drawn from? And finally, how do the migrants compare with the non-migrants in terms of welfare in street trading activities?

In order to investigate the issues raised above, this study intends to: (1) identify the proportion and characteristics of migrant street traders in the locations of study; (2) assess the welfare conditions of migrants in street trading in urban cities in Nigeria; and (3) find out whether the street trading jobs are lifetime careers for them or transitory occupations. This paper is in five sections. Following this introductory section is the literature review in section 2; while sections 3 and 4 respectively deal with the Methodology as well as the Results and Discussion of results. Section 5 concludes the paper.

Brief Literature Review

Unemployment as a macro economic problem has become a major characteristic of developing economy and remained an issue in all policies tailored towards development. Unemployment connotes a condition whereby individuals who are willing and able to work could not find suitable paid employment (Briggs, 1973; Gbosi, 1997; World Bank, 1998). It is also described as the difference between the amounts of labour employed at current wage levels and working conditions and the amount of labour not hired at these levels. The rural population that has been consistently estimated to be 70 percent of the total population compared with 30 percent in urban areas.

Some of the reasons for high rural-urban migration include: rural neglect, drudgery of farming occupation, lopsided education curriculum that casts aspersion on manual work but promotes white collar wage employment, concentration of development of social infrastructures in the urban areas, among many other negative factors (Fadayomi, 1979). Thus, internal migration is seen as a strategy to escape poverty and the negative effects of mal-economic development (Zohry, 2009). Specifically, the fundamental pull and push economic factors are common crucial impetuses for the migration and mobility of population across political or geographical boundaries round the globe especially in the developing countries (Morrison *et al.*, 2004; Huang and Zhan, 2005). However, the rate of labour force growth in cities is far greater than the rate of job creation in the urban formal economy. Unfortunately, the surplus labour arising from this imbalance in most cases do not engage in return migration to the rural and other origins, but either join the queue of the unemployed in cities or engage in casual jobs, and/or engage in human capital formation through the apprenticeship system that has wide prevalence in the urban informal sector. The urban sector of most developing economies therefore remains a plethora of both the unemployed and the mass of underemployed labour engaged in various forms of informal endeavours.

Within the informal sector, some of the jobs that can be easily picked up in the informal sector are those that require low initial human and financial capital such as shop-keeping, street vending, shoe shining, car washing, domestic house-help, baby-sitting and so on. Where the migrants have relations that could support them financially either in the city or from their rural origin, they take up apprenticeship training or other form of human capital development in the city with a view to becoming self-employed or gain the desired formal sector employment. In situation where there is no support, they strive to survive through street trading. Studies have confirmed that rural-urban migration has continued to exacerbate urban joblessness considering the fact that the influx surpasses urban job creation and the capacity of both industry and urban social services (Todaro, 1980; Ijaiya, 2000; Lund *et al.*, 2000; Lee, 2004; Kwankye, Nyarko and Tagoe, 2007; Zohry, 2009).

The need to study the pattern of internal migration and its welfare effect among street traders cannot be overemphasized in several respects. First, the high rate of rural neglect in the development process has led to a massive rural-urban migration among the educated youths to escape the drudgery of rural life as pointed out earlier.

This increases the supply of labour to the cities in excess of the absorptive capacity of the formal sector enterprises – both private and public. Majority of the excess labour get involved in jobs requiring low entry requirement which explains why the streets are filled with such hawkers and peddlers in city traffic in spite of various forms of harassment received by them from public officials. It is therefore very important to examine the profile of young street traders in order to determine their migration status and hence the welfare implications of their occupation in spite of its many hazards. In addition, there is a dearth of studies of the migrant youth street traders in general and that of the internal migration pattern of street traders in particular in Nigeria. Scanty studies that are available are carried out in South Africa (Mitullah, 2004; Puberdy, 2000; Lund, 1998; Skinner, 1999; Lund and Skinner, 2003), Kenya (Mitullah, 2004), Asian countries (Nirathron, 2006; ILO, 2006; Kusakabe, 2006; Kirk, 2006), and Ghana (Davis, 2008) among others. Some studies carried out in Nigeria include the study of street trading in Jos (Agbali, 2009) and another one on the study of street food vending in the city of Ile-Ife carried out in 1988 (Pearce *et al*, 1988). Thus, this study of street trading is expected to broaden our understanding in the areas of welfare implications of internal migration among street traders in the informal sector of Nigeria.

Methodology

Research Design, Coverage and Sampling Procedure

This study examined the welfare implications of internal migration on those engaged in street trading activities in Nigeria through a 2011 survey of street traders funded by Covenant University Centre for Research and Development (CUCERD). The study, which is national in scope, interviewed 3,873 street traders in the Northern, Eastern and Western parts of Nigeria. Four major cities representing the regional divisions of Nigeria were purposively selected for the study. The cities are Lagos, representing the West, Aba and Port-Harcourt for the East and Kano representing the North. The direct interview approach was used as the principal method of data collection using two instruments: the questionnaire and the focus group discussions. The questionnaire survey part of the study employed structured face-to-face interviews among the street traders that were selected through a “snowballing on-the-spot method” due to the fact that adequate sampling frame could not be established for the target population. In each city, we identified the areas where there are heavy concentration of street traders during the traffic peak periods, and each area is denoted an enumeration area. From the total number of enumeration areas selected, a minimum of ten percent were randomly selected in each of the cities for the survey. Based on the finance available to the researchers, it was decided that not less than one thousand five hundred street traders, made up of the roving and sedentary types, would be interviewed in each of the regions (North, East and West, Nigeria), thus giving an expected total of 4,500 respondents.

In total, 3,873 street traders were interviewed out of which 61 percent are migrants. The analysis of data was carried out with the Statistical Package for Social Sciences (SPSS) software. Descriptive analyses using frequency distributions, cross-tabulations and other summary statistics are the main method of data reporting. In addition to these, the study specified and estimated a binary logit model as well as an earnings function to examine the welfare implications of street trading among the migrants and non-migrants.

The Models, the Data and Analytical Technique

In this study we have postulated and estimated two main models. The first is a logit model designed to estimate the log of odds of migrants experiencing higher level of welfare in street trading in the urban economy compared to their pre-migration status in the place of origin. The second model is the popular Mincer’s model of income (a proxy for welfare) distribution in an attempt to assess the determinants of welfare among street traders with special reference to migrants in the urban informal economy. Each of these models is described in turn.

Model 1 - The Logistic Model

This is a model that is used to measure the relationship between a categorical dependent variable and one or more independent variables. In general, logistic models are specified as:

$$\text{Ln} \left\{ \frac{Y_i}{(1-Y_i)} \right\} = \alpha_0 + \beta_1 X_{1i} + \beta_2 X_{2i} + \beta_3 X_{3i} + \beta_n X_n + e \dots \dots \dots (1)$$

Note that, α_0 represents the intercept and e implies the residual value (or the error term). The X's are the various explanatory variables conceptualized to be influencing the log of odds of welfare in the informal street trading activity, while the β 's are the coefficient estimates of each of the explanatory variables.

Model 2

The second model postulated in this study relates to the analysis of the factors affecting the income level of the respondents and to find out if the migration variable is statistically significant in its effect on the dependent variable. This is based on the human capital model as specified by Garry Becker (1975) and Jacob Mincer (1974). Using the log of earnings as the dependent variable, equation (3) below is specified to examine the impact of migration status variable in addition to other traditional variables, on the distribution of earnings of respondents. The basic Mincer's equation is specified as:

$Ln Wage = f(X_i) \dots \dots \dots (2)$; where X_i are the explanatory variables affecting the level of wages or earnings. More specifically, equation (2) can be stated as:

$$LOG D\pi = \beta_0 + \beta_1 EDUC + \beta_2 EXP + \beta_3 EXP^2 + \beta_4 MIGSTAT + \beta_5 EMPSTAT + \beta_k \sum_{k=6}^n X_k LF + \mu_i \dots \dots \dots (3)$$

Where $D\pi$ = Daily profit realized from urban street trading

EDUC: Represents the number of years of formal educational attainment of the respondents before engagement in street trading. Education is expected to contribute positively to earnings and as such $\beta_1 > 0$.

AGE: This is a proxy for labour market experience in the street trading occupation measured in years. The coefficient of this variable is expected to have a positive value.

AGE²: This is the square of age or experience in street trading which is expected to capture the non-linearity assumption in the age-earning profile. The coefficient estimate of this variable is expected to be negative.

MIGSTAT: Migration status of the respondent: 1 if Migrant, and 0, otherwise. It is expected that the migration should contribute more to earning and as such the sign is expected to be positive.

Results and Discussion

Profile of the Respondents

This section examines the profile of migrants and non-migrants in urban informal street trading against the background of some of the existing literature on urban-ward migration in developing countries. As shown in Table 1, one major observation of urban informal sector activities in Nigeria is that the majority of street traders are male individuals (58.5 percent) who migrated to the cities in search of employment opportunities. This figure contrasts with 41.5 percent of the street traders that are female. Even among the migrants, majority are of male gender as compared to the female. Kano has the largest proportion of male street traders (89.5 percent) as compared to Port-Harcourt and Lagos where there is a preponderance of female street traders. The preponderance of male street traders in Kano cannot be unconnected with the fact that most of the women are in-doors (pudah) in conformity with the religious obligation for married women in Islam, which is the dominant religion of that community.

Historically, right from the colonial times, cities and other administrative centers in Nigeria became magnets for more permanent migratory movements. This process of urban concentration of the population has continued to be a feature of most of the post-colonial developing nations. It has been fueled largely by rural-to-urban migration from

small communities and towns to the large administrative centers and colonially-induced primate cities. According to Table 1, majority of the street traders in Nigeria's large urban centers are migrants, i.e. persons born elsewhere.

Table 1: Percentage Distribution of Respondents by Location, Gender and Migration Status

Location	Gender	Migration Status			
		Migrants (%)	Non-Migrants (%)	Total	
				%	No.
Lagos	Male	91.6	8.4	44.8	545
	Female	82.1	17.9	55.2	672
	ALL	86.4	13.6	100	1217
Port Harcourt	Male	66.8	33.2	48.7	743
	Female	54.2	45.8	51.3	784
	ALL	60.3	39.7	100	1527
Kano	Male	32.1	67.9	89.5	911
	Female	22.4	77.6	10.5	107
	ALL	31.0	69.0	100	1017
GRAND TOTAL	Male	58.5	41.5	58.5	2199
	Female	64.0	36.0	41.5	1563
	ALL % (No)	60.8(2288)	39.2(1474)	100	3762

Source: Computed by the authors from the survey data

In Lagos and Port Harcourt, 86 percent and 60 percent respectively of the street traders are migrants, it is only in Kano that the percentage of migrants is low (31 percent) and this might not be unconnected with the fact that in recent times other Nigerians, most especially people from the Southern parts of the country, had to flee as a result of xenophobia and religious conflicts that took place in the Northern part of Nigeria around the time when the survey for this study was carried out. In terms of time of arrival of migrants to their present destination, Table 2 presents some details. According to the figures reported in the table, a high proportion of these migrant street traders are recent residents in the large cities of Lagos, Port-Harcourt and Kano. About 70 percent of them settled in their present locations after between year 2000 and 2011, vis-à-vis 27 percent who arrived between 1980 and 1999. Only 3 percent arrived before 1980.

Table 2: Time of Arrival at Present Destination among Migrants

Time of Arrival at Present Destination	Percentage Distribution
Before 1980	3.4
1980-1999	26.8
2000-2011	69.8
TOTAL	100.0

Source: Computed by the authors from the survey data

When the migrant street traders were examined in terms of their region of origin, it was found that most of the cities studied draw their migrant traders from areas of close proximity to justify distance as a veritable factor of internal

migration (Table 3). Lagos and its metropolis, for example, draw most of their street traders from the same region or administrative location-the South-West. Fewer migrant traders are drawn from more distant regions.

Table 3: Percentage Distribution of Migrants by Region of Origin

Region of Origin	Lagos	Port-Harcourt	Kano
North-Central	10.3	2.4	9.1
North-East	0.5	0.9	8.4
North-West	2.8	3.5	69.5
South-East	25.1	46.4	0.6
South-South	9.5	41.6	0.3
South-West	50.9	5.2	1.3
Non-Nigerians	0.9	0.0	10.7
Total*	100.0	100.0	100.0

*Approximately Source: Computed by the authors from the survey data

Similarly, Port-Harcourt draws its migrants almost equally from the same region-South-South as well as from an adjacent region-South-East. Kano, which used to be an entrepot, attracting traders and merchants from all regions of the country, draws 70 percent of its migrant street traders from the North-West followed in the order of magnitude by Non-Nigerians (10 percent.), who are likely to be from those Sahelian countries bordering Kano to the North.

In order to test the selectivity theory of migration, i.e. whether migrant street traders in this study are a selective group with specific attributes already identified in the literature, migrants are compared with non-migrant street traders in the Nigerian large cities of Lagos, Port-Harcourt and Kano. According to Table 4, migrant and non-migrant street traders are concentrated between 15 and 34 years of age, where most rural-urban migrants are found. Migrant street traders are slightly older (with a mean age of 29 years) than non-migrants with a mean age of 26 years. In terms of educational attainment, there is not much difference. Both migrants and non-migrant street traders register a higher proportion of persons with secondary and post-secondary education. This pattern of educational attainment among street traders is in direct correlation with the high rate of unemployment among the educated youths, especially the secondary and post-secondary school leavers in the Nigerian labor market. Both migrant and non-migrant street traders are more males than females. Besides, the majority are single rather than married.

Generally, street trading is not considered to be one of the “high-brow” occupations in the developing world by school leavers; in most cases, it is regarded as the last option for job seekers. It is an informal occupation which is non-restrictive in terms of education and skills requirements, space, and low capital demanding. According to Table 4, a smaller proportion of migrant street traders vis-à-vis their non-migrant counterparts are in the trade because it is preferred as a source of self-employment. Rather, a relatively higher proportion of them, i.e. the migrant street traders, are in this trade either to acquire enough capital for other businesses or as a stop-gap before getting the desired job, which is usually either a white-collar or a blue-collar job in the formal urban employment sector. Besides, the lack of skills is a major reason why street trading is usually an attraction to the migrants as well non-migrants.

Table 4: Percent Distribution of Respondents by Migration Status and Some Selected Personal Attributes

Characteristics	Migration Status	
	Non-migrants (%)	Migrants (%)
Age		
Less Than 15 Years	2.2	1.0
15-24	45.1	32.8
25-34	37.1	43.6
35-44	11.9	15.3
45 And Above	3.8	7.3
Mean Age Of Respondent	26.39 (N=1,349)	29.23 (N=2,111)
Education		
No Schooling	11.3	14.9
Primary	19.3	17.6
Secondary	42.5	43.2
Post-secondary	26.9	24.3
Mean Years of Formal Education	9.59 (N=1,474)	9.25 (N=2,288)
Marital Status		
Never Married	70.6	57.7
Married	28.0	39.7
Divorced/Widowed/Separated	1.4	2.6
Gender		
Male	61.9	56.3
Female	38.1	43.8
Acquired Skill before Trading		
Yes	12.4	27.9
No	87.6	72.1
Why Engage in Street Trading		
Prefers Self-employment	47.8	33.6
Yet To Secure The Desired Job	18.1	20.2
No Other Job After Losing The Former	3.4	4.1
To Get Money For Another Business	25.1	33.7
Others	5.6	8.4
Total*	100.0	100.0

*Approximately Source: Computed by the authors from the survey data

Migrants and their Trading Enterprises

Most migrants and non-migrants are alike in terms of employment status. They are basically “own” account workers or self-employed given the fact that street trading is largely a non-restrictive “unorganized” informal sector activity that can accommodate all kinds of people working for survival in an economy suffering from a high rate of unemployment and under-employment in the formal enterprises (Table 5). The distribution of establishments and

some selected business characteristics by migration status in Table 5 shows that street trading has recruited a high proportion of migrants and non-migrants within the last decade (2000-2011), which has witnessed the burgeoning of high school leavers, and university graduates that could not find employment in the formal public and private establishments due to public policies and programs that are not employment-generating.

Table 5: Distribution of Respondents by Migration Status and Some Selected Business Characteristics

Characteristics	Migration Status	
	Non-migrants(%)	Migrants(%)
Employment Status		
Self-employed	84.9	84.8
Employees	5.9	8.3
Others	9.2	6.9
Year of Establishment		
Before 1980	1.2	4.0
1980-1999	23.5	27.3
2000-2011	75.3	68.7
Initial Capital		
Less Than N20,000	96.2	91.9
N20,000 And Over	3.8	8.1
Present Capital Worth		
Less Than N20,000	93.1	86.0
N20,000 And Over	6.9	14.0
Nature of Trading		
Sedentary	35.5	43.8
Hawking/Peddling	64.5	56.2
Types of Products Sold		
Fruits, Food And Beverages	64.8	61.6
Others	35.2	38.4
Sources of Product Supply		
Wholesaler	65.3	71.0
Retailer	30.3	20.9
Importer	4.1	7.4
Neighboring Countries	0.1	0.7
Source of Initial Capital		
Personal Savings	77.9	75.3
Coop. Society/Esusu	2.6	2.6
Family/Friends	15.5	16.2
Bank Loan	3.4	1.1
Others	0.6	4.8
Being a Member of Associations		
Yes	13.6	18.3
No	85.2	80.3
No Response	1.2	1.4
Total*	100.0	100.0

*Approximately Source: Computed by the authors from the survey data

Most street trading activities are carried out by peddling the wares for sale. However, slightly more migrants than non-migrants carry out their street trading by operating from road-side stalls rather than hawking goods, which are in most cases perishable such as, fruits, processed food items and bottled drinks. Their sources of goods supply point to the strong linkages between the informal and formal sector activities as migrants and non-migrants alike depend largely on whole sale distributors in the organized private sector for the goods being retailed on the streets. Only a few of them with much lower funds to invest depend on retailers.

Given the usually low capital inputs required in informal activities such as street trading, most migrants and non-migrants operate their activities with less than 20,000 Naira. The major source of funding deployed to their trading activities is from personal savings. About 75 percent of the migrants depend on this source of capital vis-à-vis 68 percent of non-migrants while a fairly significant number, about 15-16 percent of them, depend on family and friends for funding. The presence of networks and organizations that bind individuals with common interests together is often referred to as “social capital”. Social capital encourages the smooth running of the economy by preserving both individual and group interests in economic and social interactions on the basis of mutual trust as opposed to legality. Both the migrant and non-migrant street traders lack this form of social protection as less than 20 percent of migrants and less than 15 percent of non-migrants belong to any association that could protect their interests.

Table 6: Changes in Returns (in %) to Street Trading by Migration Status

Migration Status	Initial Capital (N20,000 & Over)	Present Capital Worth (N20,000 & Over)	Daily Profit When Started (N1000 & Over)	Current Daily Profit (N1000 & Over)
Migrant	8.1	14.0	24.7	45.6
Non-migrant	3.8	6.9	32.1	59.4

Source: Computed by the authors from the survey data

Even though street trading, according to earlier comments, is not a preferred occupation for school leavers and youths who constitute the bulk of the operators, this study shows that it is asset-building and also yields much beyond a “subsistence” wage.

According to Table 6, operators, (i.e. both the migrants and non-migrants) have experienced substantial growth in their capital investments and a much more substantial increase in their daily profit from the business. Present capital worth vis-à-vis initial capital outlay is relatively more for the migrants than non-migrants. Similarly, the current daily profit has outstripped the daily profit when the business started.

Perception of Well-Being and Determinants of Welfare (Earnings) among Street Traders in Nigeria

Perception of Well-Being by Respondents

In spite of the fact that street trading is not a job of first priority for the respondents in this study, yet, many of them reported welfare enhancement in street trading compared to their previous engagements. Table 7 describes the perception of street traders of their well-being (as street traders) and future job aspirations. A higher proportion of migrants vis-à-vis their non-migrant counterparts have a much more positive feeling of well-being as street traders in spite of the fact that both groups have benefited from street trading.

Table 7: Perception of Well-Being and Future Job Aspirations by Migration Status

State of Well-being	Migration Status	
	Non-migrant	Migrant
Better-off	45.0	71.7
No Change	11.7	18.7
Worse Off	43.3	9.6
Looking for Another Job?		
Yes	50.6	48.6
No	49.4	51.4
Total*	100.0	100.0

*Approximately Source: Computed from the survey data by the authors.

However, when we examine the future job aspirations of street traders vis-à-vis why they were into street trading, it can be inferred that the preference for street trading on the account of self-employment is as strong a reason as a source of raising funds for another endeavor.

Has there been improvement in Welfare since Engaged in Street Trading? the Binary Logistic Regression Approach

Given the high level of unemployment in the national economy, many of the unemployed had to take up street trading as a coping strategy since there is no system of unemployment insurance that can provide funds for basic necessities of life. This study found out if there had been a welfare change to respondents since they engaged in the informal street trade in the urban economy in addition to finding out the future career expectation of the operators. The responses from the sampled street trading operators revealed that over three-fifths (representing 2,304 street traders) of the respondents reported improved welfare since they engaged in street trading. Disaggregated by migration status, over 71.2 percent of those reporting improved welfare are migrants while the remaining 28.8 percent are non-migrants. In terms of future career prospect, many of the respondents reveal strong preference for changing job and/or go father for higher formal education, travel abroad for better job/higher studies, settle down in self-employment in the informal sector; while many of the migrants intend to return to their home town, perhaps to start off a personal business. The following section discusses the logit model estimated to determine the log of odds of improvement in welfare in street trading.

The binary logistic regression made use of equation (1) to assess the impact of a number of factors on the likelihood that respondents experience an improvement in welfare since engaging in the informal self-employment as street traders rather than remaining in the previous engagement. Table 8 shows the result of the logistic regression results. In all, eleven basic variables were identified as the main explanatory variable to the independent categorical variable (Better off =1, zero otherwise); and these explanatory variables were expanded to twenty-six; made up 16 whose parameters were estimated while the remaining 10 were excluded to avoid dummy variable trap (Gujarati, 2009). Nine of these variables are statistically significant at the specified level of confidence. Age (up to 25 years), Educ2 and Educ3, Marstat1 and Marstat2, Region of origin, Years of experience in street trading, Gender and Migration status exert statistically significant influence on the log of odds of experiencing improved welfare which is the independent variable. Two of these variables appear very strong on their influence on welfare and these are: secondary education with an odd ratio of 2.886 and a Wald statistic of 76.471; as well as Migration Status (Migrant=1) with an odd ratio of 2.456 and Wald statistic of 89.377.

Table 8: Logistic Regression on the Probability of Well-Being in Informal Street Trading.
(Dependent Variable: Better-Off in Street Trading=1; Zero Otherwise)

Main Variable	Derived Variable	B-estimate	Wald	Sig.	Odd Ratio {Exp(b)}
Age	Age1 (<25 Years)	-.362*	8.098	.004	.696
	Age2(25-34)	.140	1.370	.242	1.150
	Age3(35-44)	.122	.699	.403	1.129
Education	Educ1 Primary	-.075	.341	.559	.928
	Educ2 secondary	1.060*	76.471	.000	2.886
	Educ3 post-sec	.650*	26.609	.000	1.916
Marital Status	Marstat1 single	.825*	9.987	.002	2.283
	Marstat2 married	.733*	8.380	.004	2.082
Nature of Trading	Sedentary	-.008	.010	.919	.992
Region of Origin	North	.596*	21.405	.000	1.815
Product Sold	Food & Drinks	-.036	.212	.645	.964
Years of Experience	Years In Street Trading	.027**	5.137	.023	1.028
Learnt a Skill?	Yes	.128	1.790	.181	1.137
Empt. Status	Self-employment	.005	.003	.959	1.005
Gender	Male	-.468*	34.373	.000	.626
Migration Status	Migrant	.898*	89.377	.000	2.456
	Constant	-1.231*	16.331	.000	.292
Pseudo R ²	Cox And Snell = 0.132; Nagelkerke 0.179				
Omnibus Test of Model Coefficient	Co-efficient 523.986; D.F. = 16; Sig. .000				
Overall % Correct Classification	71.0%				

Source: Computed from the survey data by the authors.

Statistically significant at: *, 1% level; **, 5% level and ***; 10% level.

Determinants of Earnings in Urban Informal Street Trading

An important variable used as a measure of welfare in this study is the level of earnings which was captured by current daily profit from street trading activities. By the use of multiple regression analysis, daily earnings were examined in line with the factors affecting its distribution among respondents, noting especially both the magnitude and direction of the migration status variable. Given the result of the logistic regression analysed and reported in Table 8, a multiple linear regression analysis, shown in Table 9 was generated from the Mincer equation stated as equation 3 above. In general, a linear regression gives the coefficient estimates of specified explanatory variables that best predict the value of the dependent variable. In this case, the dependent variable is the Log of earnings while the explanatory variables are as stated in the equation.

Table 9 shows the regression result of the earnings function using twelve main variables. From these main variables, twenty-six other variables were derived out of which ten were deliberately excluded to avoid the usual dummy variable trap. The coefficient estimates of the remaining sixteen variables are as shown in the table with the level of statistical significance of each clearly stated. Worthy of note is the fact that migration variable is statistically significant; meaning that being a migrant enhances earnings in street traders. This is in consonance with the postulation of human capital theory (Becker, 1975).

Trading location also proved to be a strong determinant of earnings, as those in Port-Harcourt earn more than those in Kano (the reference category) while those in Lagos are found to earn less than those in Kano. The coefficient estimate of the Port-Harcourt dummy has the highest coefficient estimate (0.880 and 0.838) and has the highest t-statistic (22.865 and 16.838 in regressions 1 and 2 respectively). The importance of Port-Harcourt to street trading might not be unconnected with the fact that it is a city with higher level of economic activities due to oil businesses

in and around the city in addition to being a State Capital. However, one is surprised to find out that the Kano enhances earnings in street trading better than Lagos in a statistically significant sense. The reason for this might not be unconnected with the Boko Haram insurgency that has been ravaging the city since around 2009, among other Northern cities, and this has led many non-natives to flee the city for safety. The fewer traders left behind might have been experiencing higher earnings due to higher risk being taken to continue to sell on the street.

Two other human capital variables included in the model are worthy of attention and discussion. These are the age (Actual Age) and education (Educ_Yr) variables in Regression 1. Measured in number of years, age and its square are statistically significant in explaining the level of earnings as predicted by human capital theory. From regression 1, it is evident that age contributes to earnings and the inverted-U-shaped wage paths that peaks in middle age and declines smoothly thereafter is confirmed for street traders. It should be noted however, that this concept has not escaped criticisms by scholars (See for example, Casanova, 2013). However, when the same age variable was entered into the regression analysis in categorical forms as Age1 through Age4 (Regression 2), only the first category (Age1) was statistically significant while the others are not. For the education variable in Regression 1, Educ_Yr is statistically significant while in categorical form, only Educ2 (in Regression 2) is found to be statistically significant. From these, it can be inferred that both education and age contributes to earning, however, the differential impact of each differs. Finally, it is noticed that present capital of the respondents contributes significantly to earnings in the informal street trading.

Table 9: Determinants of Earnings among Street Traders in

Main Variables	Derived Var.	Regression 1		Regression 2	
		B_estimate	T-statistic	B-estimate	T-statistic
Age Of Respondents	Actual Age	.032*	3.931		
	Age Squared	-.001*	-2.990		
	Age1 (<25 Yrs)			-.100**	-2.233
	Age2 25-34 Yrs			-.026	-.620
	Age3 35-44 Yrs			-.067	-1.353
	Age4 45+ Years			(A)	
Formal Education	Educ_yr	.008*	2.194		
	Educ1 No Schooling			(A)	
	Educ2 primary			-.111**	-2.417
	Educ3 secondary			.052	1.166
	Educ4 post-secondary			.005	.106
Marital Status	Single	.168***	1.740	-.025	-.273
	Married	.249*	2.703	.154***	1.755
	Wid/Div/Sep	(A)		(A)	
Migration Status	Migrant	.002***	1.881	.003**	2.194
	Non-migrant	(A)		(A)	
Gender	Male	.026	.873	.031	1.082
	Female	(A)		(A)	
Trading Location	Lagos	-.508*	-13.284	-.524*	-11.884
	Port-harcourt	.880*	22.865	.838*	16.838
	Kano	(A)		(A)	
Nature of Employmt	Self Employment	-.057	-1.489	-.031	-.852
	Other Empt Type	(A)		(A)	
Learnt a Skill?	Yes	-.037	-1.087	-.043	-1.329
	No	(A)		(A)	
Region of Origin	North	-.065	-1.586	-.074***	-1.849
	South	(A)		(A)	
Nature of Trading	Sedentary	.023	.807	.035	1.250
	Peddling	(A)		(A)	
Capital	Present Capital	1.57e-005*	13.273	1.49e-6*	12.811
Looking for Other Job?	Yes	-.041	-1.493	-.030	-1.120
	No	(A)		(A)	
Product Sold	Food & Drinks	-.077*	-2.807	-.077*	-2.807
	Others	(A)		(A)	
Religion	Christianity			.033	.837
	Others			(A)	
Constant	Constant	5.934*	35.262	0.848*	63.579
R ²		.457		.459	
Adj. R ²		.454		.455	
F		160.863		131.174	
Sig. of F		.000		.000	

Nigeria

Dependent Variable: Log of daily profit in street trading

Source: Computed by the authors from the survey data. Statistically significant at: *, 1% level; **, 5% level and ***; 10% level.

Summary of Findings, Implications of the Study and Conclusion

This study examines the welfare of migrant and non-migrant street traders in urban cities in Nigeria. Given the high rate of urban open unemployment among the youths especially, this study has shown that the urban informal

economy has provided, to a large extent, an opportunity for the economically active and educated youths in Nigeria who would have remained marginalized in the formal economy. In general, street trading is an activity which is physically exhausting, risky, and which municipal authorities in many developing nations are illegalizing. In spite of all of these, street trading has been providing employment and income for migrants to cities from the surrounding areas due to the fact that the capital required for starting is minimal while there is no formal requirement to satisfy apart from being careful not to be arrested by the public authority officials.

This study found out that 61 percent of street traders are migrants, 56 percent are male while about 70 percent of them arrived their destination within the last decade (2000-2011) or less. Migrants in each of the cities studied are drawn from the areas of close proximity to that city, thereby justifying an important postulate of the relationship between distance between the origin and destination of migration. In terms of welfare, 71.7 percent of the migrants reported improved welfare vis-a-vis 45 percent among non-migrants. In spite of this, however, 48.6 percent of the migrants are keen on securing other job as compared with about 51 percent among non-migrants. Using current daily profit as a measure of welfare, an earnings function specified and estimated showed that being a migrant enhances welfare rather than otherwise. In addition, other human capital variables like education, and age (a proxy for labour market experience) are statistically significant in their contribution to earnings in the street trading sub-sector of the urban informal economy in Nigeria.

An important implication for policy formulation and further research can be gleaned from this study. The findings of this study suggest that in the current situation of high open unemployment in urban and rural areas of Nigeria, migrating to the cities to take up informal income activity like street trading is an economically rewarding venture among the unemployed and/or the underemployed from areas surrounding the cities. Thus, despite the dearth of formal sector wage employment, migrating to the cities is economically rewarding for the migrant by providing immediate source of sustenance as well as promising a platform for future desired career development. This attraction and the resultant continual rural-urban migration is expected to compound the social and economic problems in cities. Therefore, policy measures like placing a ban on street trading, constant arrest, confiscation of wares and prosecuting street traders may not be effective since welfare benefits from outweighs the costs. Therefore policy measures that will create income and employment opportunities in the surrounding areas of cities, either in formal or informal sector is expected to stem the pressure of rural-urban migration in Nigeria. More importantly, provision of cheap source of capital for the skilled persons among the street traders would be an encouragement to stop them from the risky activity of street trading and thus provide opportunity of regular employment.

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