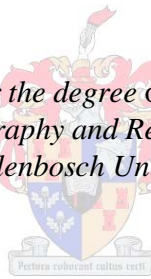


**Policy Implications of the Spatial and
Structural Relationships of the Informal and
Formal Business Sectors in Urban Nigeria:
The Case of Enugu (1990-2010)**

by
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Declaration

By submitting this dissertation electronically, I declare that the entirety of the work contained therein is my own, original work, that I am the sole author thereof (save to the extent explicitly otherwise stated), that reproduction and publication thereof by Stellenbosch University will not infringe any third party rights and that I have not previously in its entirety or in part submitted it for obtaining any qualification.

Date: March 2013

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ABSTRACT

The 21st Century is witnessing the concurrence of neoliberal globalisation and widespread informalisation. To this extent, the informal sector or economy is perceived as a permanent ‘feature of modern capitalist development’ (Chen 2007: 2). Its expansion, particularly in developing countries, has far reaching implications for employment generation, occupational or livelihood diversification, urban form dynamics, urban planning, as well as the general economic outcome. The historical evolutionary truth of the informal origin of most businesses coupled with the reality of informal-formal sector continuum gives credence to the critical imperative of multi-path development regime that does not consider the informal sector as a dead end.

Consequently, the research explored the policy implications of the spatial and structural relationships between the informal and formal business sectors in urban Nigeria. The study region is viewed from the prism of Enugu, the major administrative centre in the southeast region of the country. Here, spatial-structural causalities at the city level are conjectured as surrogates of the globalisation-induced transformations occurring in the country from 1990 to 2010 (Andranovich & Riposa 1993). The research sought to: one, examine the extent relationships between the distribution structures of two economic segments in the city; and two, explore the changes in inter-sectoral linkages and the urban business landscape mediated by the global-local economic changes. To guide the study, two research hypotheses were formulated, viz.: (1) to prove whether or not some significant spatial/structural relationships exist between the distribution of informal and formal business units in the study area; and (2) to verify if the observed changes in the spatial and structural relationships between the two segments are accounted for by the same sets of physical, economic, and socio-cultural variables.

The study made use of primary and secondary data, which were collected via *mixed research methods*. The *proportional stratified sampling* was used where necessary. The primary

data were collected through casual observation/recognisance, photographic and questionnaire surveys, and semi-structured personal interviews; while the secondary data were sourced from literature review, maps and databanks of local governments and Federal Inland Revenue Service (FIRS). The data analytical procedure involved data reduction and hypotheses testing. The former technique consists of *sectoral aggregation* (the segmentation by coherent attribute-sectors) and *spatial aggregation* (translation from quantitative into spatial dimensions) (Wang & Vom Hofe 2007), while the latter required the use of *Spatial Statistics Analysis* toolsets of the ArGIS software and the Principal Component Analysis (PCA) of the SPSS package.

The *Spatial Statistics Analysis* (the Spatial Autocorrelation or Moran's *I* index) and PCA results permitted the rejection of the two null hypotheses respectively. The Moran's *I* index is 0.16 with a Z score of 159.78 at a significant level of .01 and critical value of 2.58, revealing a highly clustered spatial association (or dependence) between the informal and formal business distribution in the study area. Based on the eigenvalues of 10 selected variables, the PCA extracted three major determinants of the observed spatial-structural causalities, namely: socio-economic and cultural traits or business ethos, client base and market control, and physical environment/business transaction mode. The findings challenges the received model of Nigeria retail hierarchy, and among the key recommendations for guaranteeing stronger informal-formal sector linkages that are generative of sustainable endogenous development are: (i) the reinstatement of the import substitution programme; (ii) implementation of the innovative Cluster Concept of Industrial Development Strategy (CCIDS) of 2007; and (iii) adoption of urban planning standards that are pro-informal sector.

Keywords: informal sector, formal sector, spatial linkages, structural linkages, industrial development, economic development, policy, trade, urbanisation, migration, employment, business landscape, entrepreneurial landscape, concept, city, urban, Enugu, Nigeria.

OPSOMMING

In die 21ste eeubeleefonsgelyktydigneoliberalleglobalisasie en wydverspreideinformalisasie. Samelophiermee word die informelesektorvandieekonomiegesien as 'n "permanentekenmerk van die kapitalistieseontwikkeling." (Chen 2007: 2). Die uitbreidingdaarvan, veral in ontwikkelendelande, het verreikendeimplikasies vir die skepping van werksgeleentehede, diversifikasie van loopbaan- en broodwinnings-moontlikhede, stedelikevorms, stedelikebeplanning, asookalgemeneekonomieseuitkomstes. Die historieseevolusionêrewaarheidoor die oorsprong van die meestebesighede, tesame met die realiteit van die informelesektorkontinuum, verleengeloofwaardigheidaandie kritiesebelangrikheid van die multi-pad ontwikkelingraamwerkwaarin die informelesektorniegesien word as 'n doodloopstraatnie.

Gevolgtik het die navorser die beleidsimplikasies van die ruimtelike- en struktureleverhouding tussen die informele en die formele sake-sektors in stedelikeNigeriëondersoek. Die studiegebied word besigtigvanuit die prisma van Enugu, die hoof administratiewesentrum van die suidelikestreek van Nigerië. Hier word ruimtelik-struktureleoorsoaklikhedegebruik as maatstawwe vir die transformasieswatdeurglobalisasieveroorsaak is, en wattussen 1990 en 2010 in die land plaasvind het (Andranovich&Riposa 1993). Daar is in die navorsinggepoog om eerstens die omvang van verwantskappetussen die verspreidingstrukture van die twee ekonomiese segmente van die stad vas te stel, en tweedens, om die veranderings in inter-sektorieseskakels en die stedelike sake landskapwat deur die globaale-plaaslikeekonomieseveranderingsbemiddel is, te bestudeer. Twee navorsinghipoteses is geformaliseer, naamlik (1) om te bewys of daarbetekeenisvolleruimtelike/struktureleverwantskappebestaantussen die verspreiding van informele en formele eenhede in die studie- gebied, en (2) om te bevestig of die veranderings in die ruimtelike en struktureleverwantskappetussen die twee besigheidsegmentetoegekryfkan word aandieselfdestelfsiese, ekonomiese en sosio-kultureleveranderlikes.

In die studie is daargebruikgemaak van primêre en sekondêre data wat deur middel van *gemengdenavorsingmetodes* versamel is. Die proporsioneelgestratifiseerde steekproefmetode is, waarnodig, gebruik. Die primêre data is deurterloopse observasie, fotografiese- en vraelysopnames, en semi-gestruktureerde persoonlike onderhoude versamel, terwyl die sekondêre data verkry is uit 'n oorsig van die letterkunde, landkaarte, en die databanke van plaaslike owerhede en die binnelandse belastingsdiens. (FIRS). Die data ontledingsproses het data reduksie en hipotesetoetsing ingesluit. Die vorige tegniek bestaan uit *sektoriese aggrerasie* (segmentasie deur samehande attribuutsektore) en ruimtelike aggrerasie (oorgesit van afkwantitatiewe ruimtelike dimensies) (Wang & Vom Hofe 2007). Vir die laasgenoemde was dit nodig om *Spatial Statistics Analysis* gereedskapstel van die ArcGIS software en die Principal Component Analysis (PCA) van die SPSS pakket te gebruik.

The *Spatial Statistics Analysis* (die Spatial Autocorrelation of Moran se *I* indeks) en die PCA resultate het die verwerping van die twee nulhipoteses moontlik gemaak. Moran se *I* indeks is 0.16 met 'n *Z* telling van 159.78 teen 'n betekenisvolle vlak van .01 en 'n kritiese waarde van 2.58, wat 'n hoogs getrosde ruimtelike assosiasie aantoon, of dat die verspreiding van die informele en formele besighede in die studiegebied naby mekaar geleë en afhanklik is van mekaar. Gegrand op die eigenwaardes van die 10 gekose veranderlikes, is daardeur die PCA bepaal wat die drie hoof ruimtelik-strukturele kousaliteite is. Dit is sosio-ekonomiese en kulturele kenmerke, klientebasis en markbeheer, en fisiese omgewing/sake transaksie modus. Die bevindinge verskil van die ontvangdemodel van die Nigeriese hiërargie. Om sterker informele-formele skakels wat volhoubare endogene ontwikkeling waarborg, te genereer, word die volgende aanbevelings gemaak: (i) die invoerplaasvervangings-program moet ingestel word, (ii) die Cluster Concept of Industrial Development Strategy (CCIDS) van 2007 moet implementeer word; en (iii) stedelike beplanningstandaard wat pro-informele sektor is, moet aanvaar word.

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ABBREVIATIONS

ACOM	Advisory Commission for Research into Minorities
API	Aerial Photograph Interpretation
BOI	Bank of Industry
BRICS	Brazil, India, China and South Africa
CBD	Central Business District
CBN	Central Bank of Nigeria
CCIDS	Cluster Concept of Industrial Development Strategy
CMC	Carnegie Moscow Centre
DDA	Delhi Development Authority
DGET	Directorate General of Employment and Training (India)
DMCO	Digital Mapping Company of Nigeria
CL	Coefficient of Localization
CNS	Coefficient of Net Shift
CSO	Central Office of Statistics (Zimbabwe)
ECCIMA	Enugu Chamber of Commerce, Industry, Mines and Agriculture
ECINF	<i>Pesquisa de Economia Informal Urbana</i> (Brazil)
EDP	Entrepreneurial Development Program
ESRI	Environmental Systems Research Institute Incorporated, ...
FAAC	Federal Account Allocation
FDI	Foreign Direct Investment
FGN	Federal Government of Nigeria
FIRS	Federal Inland Revenue Service (Nigeria)
FMIT	Federal Ministry of Industry & Technology (Nigeria)
FOS	Federal Office of Statistics (Nigeria)
GDP	Gross Domestic Product
GIS	Global Information System
GNP	Gross National Product
Goskomstat	<i>Gosudarstvennyi Komitet Rossiiskoi Federatsii Po Statistike</i>
GPS	Global Positioning System
GSR	Ground Spatial Resolution
GWIC	<i>Geotroyeerde West-Indisch Compagnie</i> (Dutch West India Company)

HAVAZ	Hawkers and Vendors Association of Zimbabwe
IBGE	Instituto Brasileiro de Geografia e Estatística (Brazilian Institute of Geography and Statistics)
ICLS	International Conference of Labour Statisticians
ICT	Information Communication Technology
ID	Index of Dissimilarity
IGR	Internally Generated Revenue
IMP	Industrial Master Plan
ILD	<i>Instituto Libertady Democracia</i> (Institute for Liberty and Democracy, Lima)
ILO	International Labour Office
IS	Index of Segregation
ITAZ	Informal Traders Association of Zimbabwe
TRR	Total Recurrent Revenue
JASPA	Job and Skill for Africa
LFS	Labour Force Survey
LGA	Local Government Area
LQ	Location Quotient
MAN	Manufacturing Association of Nigeria
MBDC	Micro-Business Development Corporation (Zimbabwe)
MSME	Micro, Small, and Medium Enterprise
NAI	Nordic African Institute
NASVI	National Alliance of Street Vendors of India
NBS	Nigerian Bureau of Statistics
NCEUS	National Commission for Enterprises in the Unorganised Sector (India)
NEPD	Nigerian Enterprises Promotion Decree
NISAZ	National Informal Sector Association of Zimbabwe
NNA	Nearest Neighbour Analysis
NSSO	National Sample Survey Organisation (India)
NTAE	Non-traditional Agricultural Exports
NURPL	Nigerian Urban and Regional Planning Law
RMS	Root Mean Square
NGO	Non-governmental Organisation
NISER	Nigerian Institute of Economic and Social Research
NCL	National Centre for Labour (India)
NPC	Nigerian Population Commission

OAM	Open Air Markets
OECD	Organisation for Economic Co-operation and Development
PNAD	Pesquisa Nacional por Amostra de Domicílios (Brazil)
PME	Pesquisa Mensal de Emprego (Brazil)
PREALC	Programa de Recuperación de Empleo en América Latina y el Caribe
PZ	Paterson Zochonis
RLMS	Round of Russian Longitudinal Monitoring Survey
SANPAD	South Africa-Netherlands Research Programme on Alternatives in Development
SAP	Structural Adjustment Programme
SEWA	Self-Employed Women's Association (India)
SME	Small and Medium Enterprise
SMEDAN	Small and Medium Enterprises Development Agency of Nigeria
SMEEIS	Small and Medium Enterprises Equity Investment Scheme
SSPS	Statistical <i>Package</i> for the Social Sciences
Stat-SA	Statistics South Africa
TCPC	Technical Committee on Privatization and Commercialization
TSOAZ	Tuck Shop Owners Association of Zimbabwe
UAC	United African Company
UN	United Nations
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organisation
UNIDO	United Nations Industrial Development Organisation
UTC	United Trading Company
USA	United States of America,
UGB	Urban Growth Boundary
VAT	Value Added Tax
VOC	<i>Vereenigde Ooste-Indische Compagnie</i> (Dutch East India Company)
WEP	World Employment Programme
WIEGO	Women in Informal Employment Globalising and Organising
ZAISA	Zimbabwe Apex of Informal Sector Associations
ZCBTA	Zimbabwe Cross-Border Traders Association
ZCIEA	Zimbabwe Chamber of Informal Economy Associations
ZCTU	Zimbabwe Chamber of Trade Unions
ZISA	Zimbabwe Informal Sector Association

CHAPTER 1: ENVISAGING INFORMALITY-FORMALITY CONTINUUM IN BUSINESS EVOLUTION

For most people, for most of human history, work and home have been inextricably intertwined. Practically everyone from the farmer to the city dweller work at home. Houses and apartments were not only dwelling places, but also centres of commercial activities....the phenomenon of leaving home to go to work did not become the norm until the Industrial Revolution created two 'separate spheres' of human existence, the domestic and the commercial (Nicole Garnet 2001: 1).

This opening chapter introduces the subject matter from a broad historical and ideological context of trade and manufacturing. This approach is important in order to contextualise the informality-formality nexus in the evolution of business establishments from a global perspective. It is on this basis that the research track and targets are outlined with focus on the following subsection: the study background and rationale, statement of research problems, goals and objectives, research questions, hypotheses, and the research design. The specific study context (Nigeria) and possible knowledge gaps to be filled are also discussed in this Chapter, which ends with the structure and content of the entire dissertation.

1.1 EVOLUTION OF BUSINESSES FROM GLOBAL HISTORICAL PERSPECTIVE

The 19th Century Industrial Revolution not only revolutionised the mode of production, it also changed the social regulations that governed the pattern and structure of work. With increasing division of labour, the industrial system in most industrialised societies became increasingly consolidated and mechanised. Scott (1988: 4) distinguished four major 'historic episodes' in the industrialisation of North America and Western Europe, namely: (i) the early putting-out system¹; (ii) the era of classical factory production in the middle 19th Century; (iii) the era of heavy industrialisation or mass production (late 19th Century to the 1960s and 1970s); and (iv) the phase of flexible production systems (emanating from the 1970s and 1980s). Essentially,

¹ This is a primeval system of work arrangement in which tasks are subcontracted by middlemen or coordinating agents to separate artisans, many of whom either worked from home or in dispersed workshops. The putting-out system was quite popular in America and England before the Industrial Revolution, and was applied with success to the textile, shoe-making, and arms industries.

this intrinsic consolidation in production mode progressed cumulatively from the micro-artisanal efforts of individuals and households to enterprise collectives in the putting-out system. It then transformed to the ‘under one roof’ factory arrangement, which with further technological advancement reached its crescendo in the Fordist-style industrial mass production.

However, with the global economic restructuring that began in the 1980s some the fault lines of mass production culture became more exposed.² For instance, the incipience of labour fragmentation and flexibility in the production processes (Scott 1988; Castells & Portes 1989; Jessop 1992; De Grazia 2005). Under this emergent regime, two distinct but related patterns/trends are now clearly evident on the global scene industrialisation. One is the bifurcation (specialisation) of industrial functions to reveal new ‘mutants’ of which Scott (1988: 11) has identified three manifestations. And they include: (i) rejuvenated artisanal and design-intensive industries; (ii) diverse sorts of high-tech industries; and (iii) service, particularly business, industries. The other is the simultaneous installation of the twofold processes of decentralisation and informalisation, which have combined to shift the boundaries of informality. As if in a reverse order, many countries of the world experiencing the “re-enactment of putting-out, homework, and other informal practices” (Castells & Portes 1989: 33).

It is noteworthy that throughout the three century-old evolution, from rudimentary fabrications to the advanced technological and industrial production, traditional occupations and diverse forms of vagrant activity have never disappeared from the scene (Ybarra 1989). Neither did the vestiges of preceding modes of production. At the height of the Industrial

² According to Scott (1988: 5), no modes of production or capital accumulation “can function over the long run without encountering diverse crises and tensions, many which threaten its existence.” For the Fordist production mode, he attributes its own Achilles’ heels to several factors, including: the disfavour in which both Keynesian economic policies and state welfarism had fallen in recent times; the fierce competition the established industrialised nations were facing from the newly industrialised ones like Japan and other Asian countries; and the changing social regulatory regimes in most countries.

Revolution in the mid-19th century English cities, Friedrich Engels (1820-1895) had first implicated these residuary tendencies of production-system evolution when he recounted that:

"... the 'surplus. population' of England keeps body and soul together by begging, stealing, street-sweeping, collecting manure, rushing hand carts, driving donkeys, peddling or performing occasional jobs. In every great town a multitude of such people may be found. It is astonishing in what devices this 'surplus population' takes refuge" (Engels 1920: 85 cited in Sethuraman 1981: 8).

The global capitalist system has evolved through many epochs with each successive stage accompanied with peculiar mode(s) production and a system of intra- and inter-regional trade within which different nation states, regions, and cities prospered. Though based largely on informal modes of production, it was the trade in basic products (such as wool, spices, textile, firearms, trinkets, alcohol, sugar, and the obnoxious commodity of human slaves) during the pre-mercantile (before 1600) and mercantile periods (1600-1800) that provided the necessary impulse for the 19th Century Industrial Revolution in America and Europe (Merrit 1960; Amin & Gage 1997: 35; Deveau 1997). So, it might not be surprising therefore why 'informal cities' are dominant in non-Western regions of Africa, Middle-East, South America, and Asia, which are yet to experience the full evolutionary cycle from traditional mode of production to the modern industrialisation (De Soto 2000).

Therefore, global business or economic history can be envisaged as successive stages of growth or development. Another clear lesson from this historical evolution of businesses is that the fundamental elements of modern production system such as workplace organisation, labour efficiency (Taylorism), mass production (Fordism), as well as information communication technology, ICT are cumulative in nature (De Grazia 2005). Though vastly intertwined, these global corporate processes and business formalisation are, to large extent, mutually exclusive events. To illustrate this point, the major milestone in business formalisation did not even occur in the early industrial hubs like New York or London, but in Amsterdam, Holland (the

Netherlands). It is here that the first ever incorporated company in the world was founded, with the opening of the *Vereenigde Ooste-Indische Compagnie*, VOC (or Dutch East India Company) and its later subsidiary, the *Geoctroyeerde West-Indisch Compagnie*, GWIC (or Dutch West India Company) in 1602 and 1621 respectively³ (Harreld 2006). A few non-Western examples are also very illustrative. The *kabu nakama* scheme in the pre-modern Japanese Edo era (1700-1850AD) had stimulated economic progress by ensuring workable contract enforcement and stable production and commerce (similar to the putting-out system) (Okazaki 2004). Perhaps, Scott (1988) was right when he affirmed that every mode of production has an underlying set of social regulatory mechanisms. However, proponents of the institutional path-dependency theory expound a more fluid view about the changing pattern of formal-informal equation; they affirm that formal institutions are basic derivatives of previous informal institutions (North 1990), and “that both co-exist through the operation of organisations (households, groups, villages, as well as firms and governments)” (Casson *et al*, 2010: 137; see also Lomnitz 1988).

If there are key lessons that can be gleaned from the extensive literature on the history of global manufacturing and trade, they are those that set the background and rationale of the current research. They include the fact that:

1. All businesses have informal origin, and that formalisation is a process of business development that took time to consolidate, and has not after centuries completely eradicated informality, even in developed countries (refer to Ybarra 1989).
2. Global capitalism has created a ‘world capitalist system’ made up of core, semi-periphery, and periphery regions, which are equivalent to the developed industrialised, newly industrialising, and backward economies respectively (Wallerstein 1974; Friedmann and Wolff 1982; Geyer and van der Merwe 2006).

³ According to Harreld, (2006: 6; *my addition*) the VOC which was awarded monopoly rights over the Asian trade route started with “roughly 6.5 million florins in initial capitalization from over 1,800 investors, most of whom were merchants, *and the* (m)anagement of the company was vested in 17 directors (‘Heren XVII’) chosen from among the largest shareholders”

3. The neoliberal globalisation of capital has created a new international division of labour – predisposing cities in the core regions to more service industries; shifting manufacturing industries to middle-income cities in the semi-periphery; and leaving poorer cities in the periphery to grapple with the burgeoning informal sector (Friedmann and Wolff 1982; Sassen 1991).
4. Hence, the critical development imperative that informality or the informal sector is not a dead end: through adroit and progressive policies, cities and countries can escape the informality trap to the high road of economic development and global competitiveness.

1.2 STUDY BACKGROUND AND RATIONALE

Chen (2007: 2) views the informal sector or economy as “a permanent, not a short-term, phenomenon; and is a feature of modern capitalist development, not just traditional economies, associated with both growth and global integration.” By this statement, she draws attention to the critical nexus between two supposedly separate intellectual themes – informal sector and the globalisation. The fact that informality is “a necessary outgrowth of advanced capitalism” (Sassen 1994: 2291) is however not a new concept but one that is shared by many globalisation scholars, including Stuart (1987), Korff (1987), Clark (1998), Losby et al. (2002: 13), Arksikas (2007) and Meagher (2008: 4). Hence, the post-1980 global economic restructuring that is characterised by decentralisation and informalisation (Scott 1988) is manifesting in the expansion of informal businesses in ‘new guises and unexpected places’ (Chen 2007: 1). Both developing and developed countries are equally affected although the size of the informal sector has by far superseded the formal sector in many African countries, and a number of Latin American and Asian countries. In 2000, Schneider (2002) estimated the continental averages, in descending order, as follows: 42% for Africa, 41% Latin America, 26% Asia, 38% Eastern Europe (or Transition Countries), and 18% for Western Europe (or OECD Countries).

Consequently, new areas of enterprise categories are emerging in the informal sector. Most of the earlier presumptions (pre-1970s) based on the ‘marginalist view’ of the sector shared by early neo-liberal and Marxist scholars have given way to new sets of ideas on its persistence, employment prospects, and economic significance (Rakowski 1994; Menyah 2009). Chen (2007) has typified the underlying elements of this paradigm shift as is summarised in Table 1.1. Today, informality has affected virtually every fabric of the economy, including: mining and quarrying (Fisher 2008; Jønsson & Fold 2011); pollution control, refuse collection, recycling and disposal (Blackman 2000; Ojeda-Benitez et al. 2000; Mirafteb 2005; Wilson et al. 2006; Afon 2007); and health care and services (Milligan 2000; Sychareun 2004).

Table 1.1 Old and New Views of the informal economy

<i>The old view</i>	<i>The new view</i>
The informal sector is the traditional economy that will wither away and die with modernisation and industrial growth.	The informal economy is ‘here to stay’ and expand with modern industrial growth.
It is only marginally productive.	It is a major provider of employment, goods and services for lower-income groups with a significant contribution to the GDP.
It exists separately from the formal economy.	It is linked to the formal economy – it trades with as well as produces, distributes, and provides services for the formal economy.
It represents a reserve pool of surplus labour.	Much of the recent rise in informal employment is due to the decline in formal employment or to informalisation of previously formal employment relationships.
It is comprised mostly of street traders and very small-scale producers.	It is made up of a wide range of informal occupations – both ‘resilient old form’ such as casual day labour in construction and agriculture. Apart from temporary and part-time jobs, there are also emerging ‘informal’ new jobs in professional practice as well as high-tech industries with sectoral range spanning from primary to pentanary sectors.
Most of those in the informal economy are entrepreneurs who run illegal and unregistered enterprises in order to avoid regulation and taxation.	It is made-up of non-standard wage workers, including entrepreneurs and self-employed persons producing legal and services, albeit through irregular or unregistered means. Most entrepreneurs and the self-employed are amenable to, and would welcome, efforts to reduce barriers to registration and related transaction costs... . Most informal wage workers would welcome more stable jobs that acknowledge workers’ rights.
Work in the informal economy is comprised mostly of survival activities, and thus is not a subject for economic policy.	Informal enterprises include not only survival activities but also stable enterprises and dynamic growing businesses, and informal employment includes not only self-employment but also wage employment. All forms of informal employment are affected by most (if not all) economic policies.

Source: Chen (2007: 5)

Informal workers are also active in: micro-finance and credit (Makina & Malobola 2004; Siyongwana 2004; Guirkinger 2008); horticulture and other global supply chains (Barrientos & Barrientos 2002; Freeman 2003); land delivery and management (Payne 1997; Wilbard & Kreibich 2000; Wubalem 2000; Jenkins 2004; Leduka 2004; Ikejiofor 2006, 2009); construction, housing delivery and real estate (Wells & Wall 2001; Mlinga & Wells 2002; Arnott 2008; Jason 2008; Lizzaralde & Root 2008); dispute resolution (van der Waal 2004); water supply (Saleth 1996; Easter, Rosegrant & Dinar 1999); as well as the ICT, mobile telephony, and film industry (Balkin & Morales 2000; Athique 2008; Lugo & Sampson 2008).

By implication, it becomes apparent that the globalisation-mediated decentralisation and informalisation processes have visible urban footprints in many developing countries. This is because most of these proliferations in informal businesses are taking place in the cities. Of the urban-based informal businesses, the most itinerant and omnipresence are the street traders; and as such, it is not surprising why they are looked upon as malefactors by planning authorities and the Police (Mitullah 2004 *Africa*; Sharit 2005 *Asia*; Anjaria 2006 *Mumbai, India*; Roever 2006 *Latin America*). Related to this, is the reality that many informal sector businesses retain negative externalities, a matter that appear to place most of them in perpetual conflict with the visions of a modern city and the good books of planning authorities (Post 1992; Perera 1995; Dewar & Todeschini 1999; Lund 2003; Dewar 2005; Setšabi & Leduka 2008). After the dust of the IMF-World Bank economic structural adjustments had settled, most African cities had become vestiges of 'informal cities' as UN Habitat (1996: 86) explicitly reported:

“Where once the central business district with its clean, wide streets and high-quality shops and offices was the focus of urban life-in both the large capital cities and in secondary cities as well-the centre of gravity has shifted. Not only are central business districts more poorly maintained and more populated with small-scale hawkers and vendors than in the past, but more and more of the population is moving to the periphery of the larger cities, where land is cheaper and much more

easily accessible, where shelter can be constructed economically using locally available materials, and where harassment from the police and restrictions of the formal planning system are rarely felt.”

In the face of increasing urban informality, the ongoing global-local economic transformation⁴ that finds physical expression in the cities invariably raises two fundamental challenges – the urban planning and the (economic) development imperatives. The urban planning imperative underlies the ideological and practical contestations associated with urban planning and the design/use of public spaces in ‘informal cities’ of developing countries (see Brown 2006; Muraya 2006; Watson 2009a; Brown; Lyons & Dankoco 2010). This is no doubt connected to the recent upsurge in ‘space and design-based’⁵ approaches to urban informality discourse? The development imperative, on the other hand, borders on the development potentials and prospects of the informal sector or economy. In so much as the sector has been lauded as having indigenous entrepreneurial potentials for job creation and growth (ILO 1972; De Soto 1989), the bottom line is captured in Rakowski’s (1994: 509) rhetoric question: “Bringing informal into the policy arena and supporting microenterprises may lead to empowerment and democratisation, but will it lead to a more rational and competitive economy?” In other words, is it possible for developing countries, say in Africa or elsewhere, to strengthen its *urban support structure*⁶ and escape the ‘informality trap’? Can such a transformative process guarantee economic development and global competitiveness?

⁴ Menyah (2009: 18) rejects the simplistic view that global-local economic transformations are the outcome of global economic restructuring alone. He insists that global economic conditions are often reinforced by the socio-economic/cultural characteristics in place and the active ‘complicity’ of the government of the day.

⁵ This terminology was borrowed from Manson and O’Sullivan (2006). They used it in full as ‘space and place-based studies’ to denote “a broad yet intrinsically related group of disciplines...[that] include, but are not limited to, geography, anthropology, environmental science, urban planning, regional science, and architecture” (p. 667).

⁶ The notion of the *urban support structure* (used by Geyer and colleagues) is related to the *economic base concept*. This theoretical link can be traced back to Harris’ & Ullman’s (1945) ground-breaking work on the socio-economic support base of the city. They related this to the “support of a city depends on the services it performs support of a city depends on the services it performs Many activities serve merely the population of the city itself” (Harris & Ullman 1945: 7).

Over the years, some of these pragmatic issues are distilling from development imperatives that have compelled both the Marxist and the no-liberal schools to shift some grounds with respect to the economic viability of the sector (see Rakwoski 1994; Menyah 2009). Basically, Geyer & Plessi (2012: 15) have narrowed the development imperatives facing African and other developing countries to two broad options: the so-called 'silver-bullet solution' based on developing niche functions as a high-tech cluster, like in the case of India; and the bottom-up strategy based on the transformation of "the lower layers of their urban systems." The latter strategy is foundational in that it is predicated on measures to boosting food security and industrial revitalisation through two notable transitions: "turning subsistence agriculture into commercial farming" and "finding policy mechanisms that will encourage the transformation of informal commercial enterprises into formal enterprises..." (Geyer, Geyer & Plessi 2012: 15).

One clear element of this development-driven approach to informality has to do with the notion of *informal-formal sector continuum*, which conceives the informal sector not as an autonomous entity but as an inextricable segment of the formal economy. In other words, empirical evidence has confirmed that "formality and informality are really the opposite poles of a continuum with many intermediate and mixed cases" (Bromley, 1995:146; see also Williams & Round 2007). This essentially feeds into the thinking that the basic structural typology of businesses ranges from fully or 100% informal to fully or 100% formal (Geyer 1989, 2009; Bromley 1995; Lund & Srinivas 2001; Hansen & Vaa 2004: 8). Consequently, it becomes very appropriate to visualise a single research frame or platform for analysing the dynamic spectrum of businesses (Dierwechter 2002; Spring 2009). This new viewpoint or concept has a long origin in the structuralist conceptions of Santos (1970, 1972, & 1979) and McGee (1973) the theoretical trajectory of which will be discussed in more detail in *Subsection 2.2.1.3*. Dierwechter (2002) has termed this 'empirical terrain' of physical and socio-economic

analysis the *urban economic landscape* or *space*. In a similar vein, Spring (2009) applied this all-inclusive structural concept, which she aptly termed the ‘full entrepreneurship or entrepreneurial landscape’, to the study of a new generation of African entrepreneurs (NGAEs). At this juncture, let us specify the core issue(s) at the heart of the current research enquiry in the next section.

1.3 STATEMENT OF RESEARCH PROBLEM

Several country/city case studies that deal with informal and formal sector linkages abound in literature. Notable examples of these treatises are based on cities across the world, particularly in countries like: India (Shaw 1985; Samal 1990; Shaw 1990; Srivastava 1992; Harriss-White 2010), South Africa (Geyer 1989; Preston-Whyte & Rogerson 1991), and Nigeria (Soyibo 1997; Arimah 2001; Ijaiya & Umar 2004) to mention a few. However, these studies are mostly strong on socio-economic theoretical evidence but appear weak on spatial clarification and support (see Sanders 1987; Dierwechter 2002; Kudva 2005; Brown 2006). This is with the possible exception of Shaw (1985, 1990: 1434) and Geyer (1989): whereas Shaw (1985, 1990: 1434) draws “attention to the complexities of industrial structure and the spatial interdependencies of industrial growth at the micro level” in India, Geyer (1989) attempted a prescription for integrating the informal and formal sectors in urban South Africa. As we have argued earlier, informal-formal sector linkages is critical for the very reason that this sub-theme of informality research feeds into the positive development perspective of translating a country, or even a whole region for that matter, from the threshold of economic informality to a formal productive economy with a measure of global competitiveness (see Geyer, Geyer & Du Plessis, 2012).

As such, the value of a composite articulation of informal and formal businesses within the framework of *urban economic landscape* (or *urban entrepreneurial landscape*) cannot be

overemphasised. This approach offers a useful indication of the *economic base structure* of the city or cities in question, which invariably is a direct outcome of the *economic environment* – that is “the nexus of policies, institutions, physical infrastructure, human resources, and geographic features that influence the efficiency with which different firms and industries operate” (Eifert, Gelb & Ramachandra 2005: 7). More significantly, this methodology tackles head-on two common deficiencies of informality research. The first deficiency adds up to the general tendency to articulate the informal business activities as merely local and disparate phenomena that do not possess intricate linkages to the local, national, and international economies. The second one borders on the theoretical and empirical limitations that predispose informality research to depict only a ‘partial or one-sided reality’ of the economy (Skinner 2006: 128). In as much as adopting a limited focus is still permissible in research, for the earlier-stated reason, a composite analysis of both sides of the economic divide is vital in this particular enquiry. Another important reason for this line of exploration hinges on the brilliant suggestion by Potts (2008: 157) that:

“Unilinear development models are meaningless in the face of the informal cities of contemporary Africa. One should reiterate that this does not mean that same African cities will not once again be dominated by formal jobs – the basic logic of accepting multi-path development is that change can happen in any direction.”

In other words, an expanding informal sector in many African countries suggests a growth imperative of the like suggested by Geyer, Geyer & Plessi (2012) that is based on diversified strategy as against the more traditional approach of State-lead development strategy that over-patronise and over-rely on the so-called *real sector*.

Furthermore, in their analysis of the African business system, Pedersen & McCormick (1999) attributed the failure of structural adjustment programme (SAP) and the abortive industrialisation process in the continent mainly to: (i) the fragmentary economy with weak

linkages between the parastatal, formal private, and informal sectors; and (ii) the poor institutional environment for business development. They however do admit that more detailed business-systems analysis of individual countries and other cross-country economic comparisons are essential to make a more definitive statement. By investigating the spatial relationships (i.e., the proximity attributes) and their structural equivalents (i.e., the reciprocal exchanges of raw materials, goods and services, as well as technical know-how) of the informal and formal business sectors in urban Nigeria, the current study responds (even if in part) to the necessity for this vaunted 'national business-systems' characterization. Moreover, since land use systems are layered structures with activity, development and environmental subsystems (Chapin & Kaiser 1979), it is consistent with principles of geography to incorporate tangible conformations (patterns and trends) of informal and formal business distributions. Besides the delineation of these enterprise structures and relationships, the sectoral spread of businesses, the upstream and downstream links, as well as product spread and market reach within and between the sectors will also be explored with a timeframe set between the when the impact of SAP became visible (around 1990) and the present. Fortunately, as we shall see in subsequent Chapters, recent developments in complexity theory and geographical information system (GIS) have made this set of analyses feasible.

By espousing a development perspective, this research is both critical and timely. However, it raises a number of questions concerning the features and futures of the informal sector in Africa and the rest of the world. How has informality research fared in the African countries and other developing countries? What are the key knowledge advances and gaps in this research quest? What analytical approaches are deployed for this purpose, and to what extent have they benefited theory and practice? Efforts will be made in the next section to address these imperative questions.

1.4 THE SPECIFIC STUDY CONTEXT AND KNOWLEDGE GAPS

It is pertinent to articulate the specific study context as well as the particular knowledge gap the research is expected to fill. Nigeria is a typical test case of the rapid informalisation process underway in developing countries and the attendant transformation of its cities. In 2000, the size of the informal sector in the country is estimated at 57.9% of its GNP with an equivalent value of approximately \$212.6 billion US Dollars. Judging by proportion or percentage alone (without imputing the actual size of the economy), the Nigerian figure is exceeded only by Zimbabwe (59.4% or \$42.4 billion) and Tanzania (58.3% or \$52.4 billion).⁷ This predominance of informal sector employment is understandable, given the poor economic performance of Nigeria since the SAP started in 1986. Today, with a massive population of 153.9 million, a high unemployment rate of 12.9%, and soaring poverty incidence in excess of 54% (CBN 2009), the country holds by far the highest population of informal sector workers in Africa.

In the past one decade the size of its informal sector has grown quite considerably with the workforce of 12,407,348 recorded in 2000 has after one decade escalated to a colossal 32,375,406, a new figures which is nearly the 2008 mid-year population of Algeria⁸ and surpasses by far the population of about 50 out of the 57 African countries (CBN/FOS/NISER 2001: xiv-xv, 8; NBS 2012). This burgeoning employment sector is known to account for up to 75% of urban jobs in diverse enterprise segments of processing, repairs, personal services, trading plus other activities, technical services, and fabrication (CBN 1998; Abumere, Arimah & Jerome 1998; Oduh et al. 2008; NBS/SMEDAN 2012). Despite the fact that the sector is characterised by general low productivity – a condition that calls for active policy and other

⁷ All the figures are derived from Schneider (2002). Note that the absolute worth of the informal sector or its contribution is largely dependent on the size of the economy, and not necessarily on its percentage share.

Observe that absolute worth of Nigerian's informal sector exceeds those of Zimbabwe and Kenya put together.

⁸ The mid-year population of Algeria in 2008 was approximately 34,700,000. This population figure and those of the other African countries used for this comparison were obtained from the *2008 African Population Data Sheet* published by the African Population and Health Research Centre (APHRC) in Nairobi, Kenya.

support intervention – CBN/FOS/NISER (2001: v) has attributed the resilience of the Nigerian economy to its economic contribution.

The study of this multifaceted economic phenomenon in Nigeria is predicated on timing, diffusion rate, and disciplinary disposition of the researchers. Even long before Hart's (1973) 'informal sector' paradigm, an academic tradition based on the study of rudimentary commercial ventures had taken root within the Nigerian social science community. Early 'pre-paradigm' studies in the country have exposed, among other things, the structural dynamics of traditional markets, as well as the socio-economic characteristics and livelihood patterns of traders and artisanal craftsmen: all of which would have fitted smoothly into the generic label of 'informal sector'. Notable among these early works and the thematic issues covered are:

- i. Indigenous enterprises, craft, and cooperatives (Lloyd 1953; Bray 1968; Koll 1969; Nafziger 1969; Odufalu 1971);
- ii. Traditional market system (Hodder & Ukwu 1969; Anthonie 1973; Onyemelukwe 1974; Sada & McNulty 1977);
- iii. Small-scale enterprise/industries and apprenticeship system (Callaway 1964, 1973; Aluko, Oguntoye & Afonja 1972); and
- iv. the notable subject of urban retail structure (Olakanpo 1963; Mabogunje 1968).

Even with what appeared to be an emphatic in-road of the 'informal sector' terminology into the country around the mid-1970s⁹, the use of alternative terminologies like 'retail business' (Onokerhoraye 1977), 'small-scale enterprise' (Abumere, 1978), and 'petty commodity production' (Williams & Tumusiime-Mutebile 1978) persisted till the mid-1980s. For instance, like Onokerhoraye (1977) and Mabogunje (1968) before him, many urban

⁹ The ILO Working Paper No. 13 of 1975 titled, "Urban development, Income Distribution, and Employment in Lagos" by the trio of Olanrewaju Fapohunda, Mein Pieter van Dijk, and Jap Reijmerink is conceivably the earliest 'informal sector' publication in Nigeria.

geographers readily latched on to the ‘retail business’ thematic path. It is this school of thought that theorised a four-tier retail hierarchy for Nigerian cities, comprising of the central retail area (corresponding to the central business district, CBD); subsidiary markets; roadside shopping belts; and neighbourhood stores (Mabogunje 1968; Onokerhoraye 1977; Okoye 1985; Onokerhoraye & Omuta 1985). Up till the mid-1980s, studies on the urban retail structure continued in the country, although numerous other researchers like Aluko, Oguntoye & Afonja (1972), Callaway (1973), Oyebanji (1978), and Osoba 1987, for example, chose to spotlight the business units per se, an approach that logically tallied with the use of research themes like ‘small-scale enterprise/business/industry’ and ‘small-and medium-scale enterprise (SME)’.

By the 1990s, the adoption of ‘formal-informal sector’ taxonomy in social science research in Nigeria became highly entrenched, although this did not entirely rule out the use of alternative terms like ‘small-scale enterprises’. In order to appreciate the extent, diversity, and scope of informal sector scholarship in Nigeria, about seven broad sub-themes of research are discernable, and they include:

- i. Delineation, size, structure, and economic performance of the informal sector in Nigerian cities/states (Fapohunda, Reijmerin & Van Dijk 1975; Mabogunje & Filani 1977; Abumere, Arimah & Jerome 1998; CBN 1998; CBN/FOS/NISER 2001a, 2001b; Oduh et al. 2008; NBS/SMEDAN 2012);
- ii. Informal sector and SAP (structural adjustment programme); entrepreneurship, employment- and income-generation; economic development (Fapohunda 1984; Meagher & Yunusa 1996; Akerele 1997; Akinbinu 1998, 2001; Nnazor 1999; Omisakin 1999; Oni 1999; Adekunle 2000; Adeyinka et al. 2006; Meagher 2001, 2007);
- iii. Informal sector and home-based enterprises; urban land use, environmental sanitation and urban planning (Omuta 1986; Simon 1992; Onyebueke 1998, 2000, 2001; Olokesusi 1999; Okeke 2000; Nwaka 2005 ; Jelili & Adedibu 2006);

- iv. Informal land delivery; informal (re)settlement and forced eviction (Agbola & Jinadu 1997; Owei & Ikpoki 2006; Ikejiofor 2006; 2009);
- v. Informal credit and finance (Soyibo 1997; Ademu 2006);
- vi. Informal sector activities as urban/rural livelihood, social capital and networks; gender empowerment (Soetan 1996; Oluremi 2003; Maduka 2006; Meagher 2006; Soyibo 2006; Adedokun et al. 2006; Yunusa 2008; Onyenechere 2011);
- vii. Role of informal sector in waste disposal (Afon 2007; Nzeadibe 2009); and
- viii. Informal and formal sector linkages (Meagher & Yunusa 1996; Abumere, Arimah & Jerome 1998; Arimah 2001; Ijaiya & Umar 2004)

A detailed account of these diverse deliberations has been expounded in Onyebueke & Geyer (2011) but we shall elaborate further on the relevant aspects of this issue in Chapter Three, the Literature Review section.

Judging from the disproportionately small number of literature focusing on the linkages between the informal and formal businesses in Nigeria, it is evident that this critical component of informal sector scholarship with far-reaching economic development and urban management significance has remained highly under-explored. Scholars like Meagher & Yunusa 1996 and Abumere, Arimah & Jerome (1998) adopted a qualitative approach in establishing some measure of backward (flow of raw materials, equipment, finance, and consumer goods) and forward (flow of goods and services) linkages between the informal and formal sectors in the country. Arimah (2001) and Ijaiya & Umar (2003), on the other hand, relied on quantitative evidence based on regression analysis: they all acknowledge some degrees of 'product and capital supply links' between the informal and formal sectors, and what these linkages imply in different categories of businesses. Abumere, Arimah & Jerome (1998) compared informal sector samples drawn from seven enterprise categories (processing, repairs, personal services, agricultural services, trading and related activities, technical services, and fabrication) with the

formal sector comprising of government agencies, large companies, and foreign-based companies.

In general, informal sector research in Nigeria has basically failed to incorporate the essential spatial-structural elements of the informality phenomena. Even the promising works of many geographers on the distribution pattern of 'manufacturing industries at the city level' have never ventured beyond inter-city comparisons (see Ayeni 1981; Onyemelukwe 1983; Ajayi 2007: 147 for example). Little, if anything, is actually known about the distribution of formal economic units (not to mention informal ones) within the cities relative to the CBD, identifiable clusters, corridors or routes, and periphery. This is indeed a major shortcoming, considering the fact that space and location are vital to the viability and visibility potentials of both informal and formal enterprises (*for informal enterprises*, see JASPA 1987; Rogerson 2001; Hansen & Vaa 2004; Brown 2006; Round, William & Rogers 2008; *for formal firms*, see Graham 1998; Geyer 2006: 215; Sridhar & Wan 2007). Hence, one can boldly say, without any sense of contradiction, that the full *entrepreneurial landscape* of Nigerian cities is highly indeterminate and poorly mapped.

Another observable weakness in Nigerian informal sector research is the tendency to adopt a rather restrictive view of informality that negates the bigger picture of globalisation-induced informalisation process. Possible exceptions to this rule are Nnazor (1999) and Meagher (2007, 2008) who, to varying degrees, hinted on global economic restructuring and its far-reaching impact. One problem of such narrow or restricted views of informalisation is that they tend to gloss over, or treat as separate, other corresponding occurrences of the aggregate global transformation process. This is certainly why the rapid influx of retail FDI into developing countries from more developed ones (see Reardon et al. 2003; Weatherspoon & Reardon 2003; Trail 2006), have not generated any commentaries beyond Nzeka's (2002) cursory treatise this global retail transformation process and its impact on shopping outlets

diversification in Nigerian food sector.¹⁰ Furthermore, the persistence of narrow conception of informality in the country is perhaps related to the weak prescriptive value of most informality literature reviewed. Consequently, not much attention is paid to: (i) the tempo of growth in the informal sector; (ii) the context of such growth strategies in contemporary development thinking; and (iii) how the country can escape the ‘informality trap’ and become economically competitive in a global economy.

In the section that follows, we shall discuss the research context, focus, and direction by spelling out the aim, objectives and hypotheses of the research, without forgetting the milieu of the wider research project that midwived it.

1.5 RESEARCH AIM, OBJECTIVES AND HYPOTHESES

The current research is part of a larger study funded by SANPAD (the South Africa-Netherlands Research Programme on Alternatives in Development) on the changing business landscape in cities across South Africa, Nigeria, Zimbabwe, and The Netherlands. The Nigerian case study focuses on the city of Enugu, which is a prototypical city located in the south-eastern region of Nigeria. The city has a 2006 Population Census figure of around 717, 219, and is the most important administrative and cultural centre in this part of the country. A more explicit account of the study area will be presented in Chapter 4 but at the moment, we need to focus the research by discussing the following: the research approach and aims, research objectives, research questions, and research hypotheses.

1.5.1 Research Approach and Aims

Over the years, globalisation and world city scholars have espoused global-local dialectics in their exploration of global economic structures and processes in order to understand the

¹⁰ The development of shopping malls in Nigeria has progressed in tandem with the advent of international supermarket chains like Shoprite and Game in the country. The South African Shoprite made its debut into the country in 2005 with the opening of its Lagos branch. Whereas the Enugu branch opened in September 2011, another branch has just opened in Abuja, the Federal Capital Territory this year.

changing configurations of national and city economies everywhere (Sassen 1994; Taylor 2000 for example). The outcome is that the interpenetration of global capitalist system denoted by liberal or free market-motivated transformations in the urban space economy (Korff 1987; Teltscher 1994; Chakravorty 2000; Meagher 2008: 4). Often, these issues are interpreted as expressions of globalisation from the ground. This global-local dynamics normally frame the “local/urban, national, and international product and capital supply links” that connect even street traders and household enterprises to the industrial and commercial centres of the world (Teltscher 1994: 183). With the ongoing global-local dynamics between the core and lagging regions, the changing *economic* or *entrepreneurial landscape* in developing-country cities cannot possibly be overlooked.

This research examines the extent to which global economic restructuring or reform has affected the Nigerian *entrepreneurial landscape* (to use Anita Spring’s nomenclature) in the past two decades or so. The approach is to look at the changes in both the informal and formal sector components of the Nigerian urban space economy by concentrating on their spatial and structural relationships through the prism of the city of Enugu. The research therefore has two distinct but related goals:

1. To examine *the spatial relationships between the informal and formal business units in the city of Enugu (Nigeria) as a surrogate of the global-local transformations occurring from 1990 to 2010. This is with a view to ascertaining the prevailing patterns, trends, and determinant factors.*
2. To explore *how the global-local economic changes are (re)shaping the structural linkages between the informal and formal sectors, and in what ways these are impacting on the sectoral spread of businesses, upstream and downstream relationship, as well as product spread and market reach within and between the sectors.*

The base year (1990) corresponds to the high point of economic informalisation in the country, arising from the IMF-imposed SAP programme that commenced in 1986 (Meagher & Yunusa 1996; Abumere et al. 1998; Nnazor 1999; Ajayi 2007).

1.5.2 Research Objectives

Based on the foregoing research goals, the following specific objectives were derived to guide the course and content of the research. We shall revisit these objectives in the final chapter of this dissertation in order to evaluate the research output or findings. The objectives are:

- i to isolate and review from literature the theoretical underpinning of urban processes and land use structure as well as explore the international experiences of changing business or entrepreneurial landscapes under global economic restructuring or reforms;
- ii to explore the socio-political and economic trajectory of Nigeria over the years and the resultant urban system;
- iii to verify the spatial and structural relationships between informal and formal businesses in Enugu, and the determinant factors (physical, economic, socio-cultural, political, etc) of the observed changes;
- iv to establish current patterns in the sectoral spread of informal and formal businesses, and their upstream and downstream relationship;
- v to examine the intricacies of product spread and market reach inside individual businesses and between businesses within the informal sector;
- vi to evaluate the policy/programme and planning responses to the challenges of the informal sector, and its linkages with the formal sector; and
- vii to construct a workable model of spatial-structural causality vis-à-vis informal-formal sector relationships that is applicable to Nigerian cities, or perhaps other cities in developing countries.

1.5.3 Research Questions

Certain research or lead questions are imperative for guiding the study, and the research results are expected to proffer plausible answers to them. The pertinent research questions are as follows:

- i Does the global economic restructuring alone explain the massive informal sector expansion in developing and developed country cities?
- ii How and to what extent is this ongoing global phenomenon impinging on the evolution of the *urban entrepreneurial landscape* in Nigeria?
- iii What are the spatial distribution patterns and structural intricacies of business transactions between informal and formal business units in the city of Enugu and how have these changed over time (between 1990 and 2010)?
- iv What are the processes that drive these spatial relationships? Or conversely, what determinant factors (physical, economic, socio-cultural, policy, etc.) account for the observed changes and trends?
- v What needs to be done in addition to what is being done (or not done at all), and by what agency, group or organization?
- vi Can we construct a workable model of spatial-structural causality vis-à-vis informal-formal sector relationship that is applicable to Nigerian cities and perhaps, other developing-country cities?

1.5.4 Research Hypotheses

Based on the preceding propositions, two hypotheses are formulated to direct the study, and conceivably, aid us in answering the above-stated five research questions. The hypotheses are:

1. The economy is a continuum with a layered structure, and hence a significant relationship can be established between the distribution structures of informal and formal business enterprises.

2. The changes in the spatial (distribution) and structural (inter-sectoral linkages) relationships of informal and formal businesses in Enugu are accounted for by the same sets of physical, economic, and socio-cultural variables.

The testing of these two related hypotheses will be carried out in the final section of Chapter Six, and the output will certainly benefit informality research for two specific reasons. One, in establishing specific causalities as regards the spatial and structural tendencies of informal and formal sector businesses, the current research will throw more light on the underside or lower end of the global space economy, a task which generations of globalisation or world city researchers have consistently paid little or no attention to (Geyer 2006: 20). Two, by so doing it will aid a better mapping of the *urban economic space* in urban Nigeria in particular, with a view to making some generalisations about the internal structures of these economic activities or *urban support structures*, and activities of the urban system (Myint 2008).

In the next section, the research design is considered with the intention of providing a panoramic outlook of the entire work structure and its essential components.

1.6 RESEARCH DESIGN

Research design, as distinct from research methodology, entails a broad-spectrum planning of the research framework. Whereas the former (i.e. research design) represents “a general strategy for solving research problem”, the latter (research methodology) involves: the specification of the sampling methods; the techniques of data collection; and the consequent analysis (Leedy & Ormrod 2010: 85). For the purpose of clarity, these two related matters are treated separately: the research design is outlined below in a flowchart (Figure 1.1) while the research methodology is expounded in Chapter Four. The entire research scope, design and methods are summarised in Table 1.2. Here, the steering function of literature review in every stage of the entire research process – from the topic of enquiry to the other key sections of the

research process – is emphasized. The study goal and objectives enabled us to clarify the research problems and sub-problems based on the three separate but related components (spatial, structural, and policy) of this spatial-temporal investigation. This layered structure of the research is also reflected in the mode and pattern of fieldwork, which will principally involve: (i) a GPS survey for the spatial component; (ii) a questionnaire survey targeted at both the formal and informal sector to isolate the structural variables; and (iii) a review of relevant government policy documents and other grey literature for evidence of any strategic intervention structural and spatial dynamics of the urban business landscape.

Consequently, this mixed method yielded sets of data, which were collated and analysed to streamline the research results, which as we shall see in the next section represent a substantial addition to knowledge.

1.7 SIGNIFICANCE OF THE RESEARCH

By adopting a global-local approach to the investigation of the changing spatial and structural dynamics of informal and formal business sectors, the current research attempts to fill a fundamental gap in informality research in Nigeria and perhaps elsewhere in Africa. From the incisive review of informality research in Nigeria, it is obvious that the economic development and spatial-structural approaches adopted in the current study represent an addition to knowledge. Even though space and location are vital indices that account for the viability and visibility potentials of business concerns (be they informal or formal enterprises), they are often scarcely exploited in informal sector studies in Nigeria (refer to Onyebueke 2000, 2009). In addressing these perennial setbacks of informality studies in Nigeria, this research will benefit both development planning and urban planning in concrete terms. This is because a clearer depiction of the *urban entrepreneurial landscape* can provide a valid mapping and reality check of the

business environment and growth potentials of both informal and formal enterprises. Moreover, the research will offer a more accurate and recent description of the internal structures of a

Table 1.2 The Outline of Research Scope, Design and Methods

Research Scope/Objectives	Research Design	Research Methods
Global-local changes in urban economic/spatial structure (informal-formal sector linkages and relationships).	Literature review (theoretical). <i>Data Sources:</i> books, journal articles, periodicals, reports, etc.	Relate global economic restructuring and its city-level impact to the Nigeria situation.
Explore the socio-political and economic evolution of Nigeria over the years and the resultant urban systems.	Literature review (historical). <i>Data Sources:</i> books, journal articles, periodicals, gazettes, reports, etc.	Relate these socio-political and economic transformations to changing urban economic/spatial structure.
Determine the spatial relationships between informal and formal businesses in Enugu, and the determinant factors of the observed changes.	Spatial/Structural/Policy; <i>Data Sources:</i> Federal Inland Revenue (formal sector list); Local Government (formal sector list); <i>Method of Analysis:</i> Arc-GIS, visualisation, and content analysis using SPSS.	GPS Survey and Questionnaire Survey (QS) of informal and formal business units in Enugu (The QS is based on stratified random sampling).
Establish current structural patterns in the sectoral spread of informal and formal businesses, and their upstream and downstream relationship in Enugu.	Structural typology of businesses (sector level analysis). <i>Sample Size:</i> 312 businesses (156 for each of the two sectors).	Direct observation and structured interview of businesses in clusters identified within the scope of Objectives 2 and 3.
Explore the intricacies of product spread and market reach inside individual businesses and between businesses within the informal sector in Enugu	Structural typology of businesses (sector level analysis). <i>Sample Size:</i> 2 enterprises randomly selected from identified clusters	Direct observation and structured personal interview of businesses in clusters identified within the scope of Objectives 2 and 3.
Evaluate the policy/programme and planning responses to the challenges of informal-formal sector linkages in Enugu.	Policy level analysis. <i>Data Sources:</i> government gazettes, reports, etc.	Survey of industrial policy documents, planning laws/edits, and government gazettes.
Proffer a theoretical rationale for informal-formal sector relationships in Nigeria cities and its policy implication.	Conceptualisation or theory building.	Theoretical construct of informal-formal business linkages and typology within the scope of Objectives 2-5.

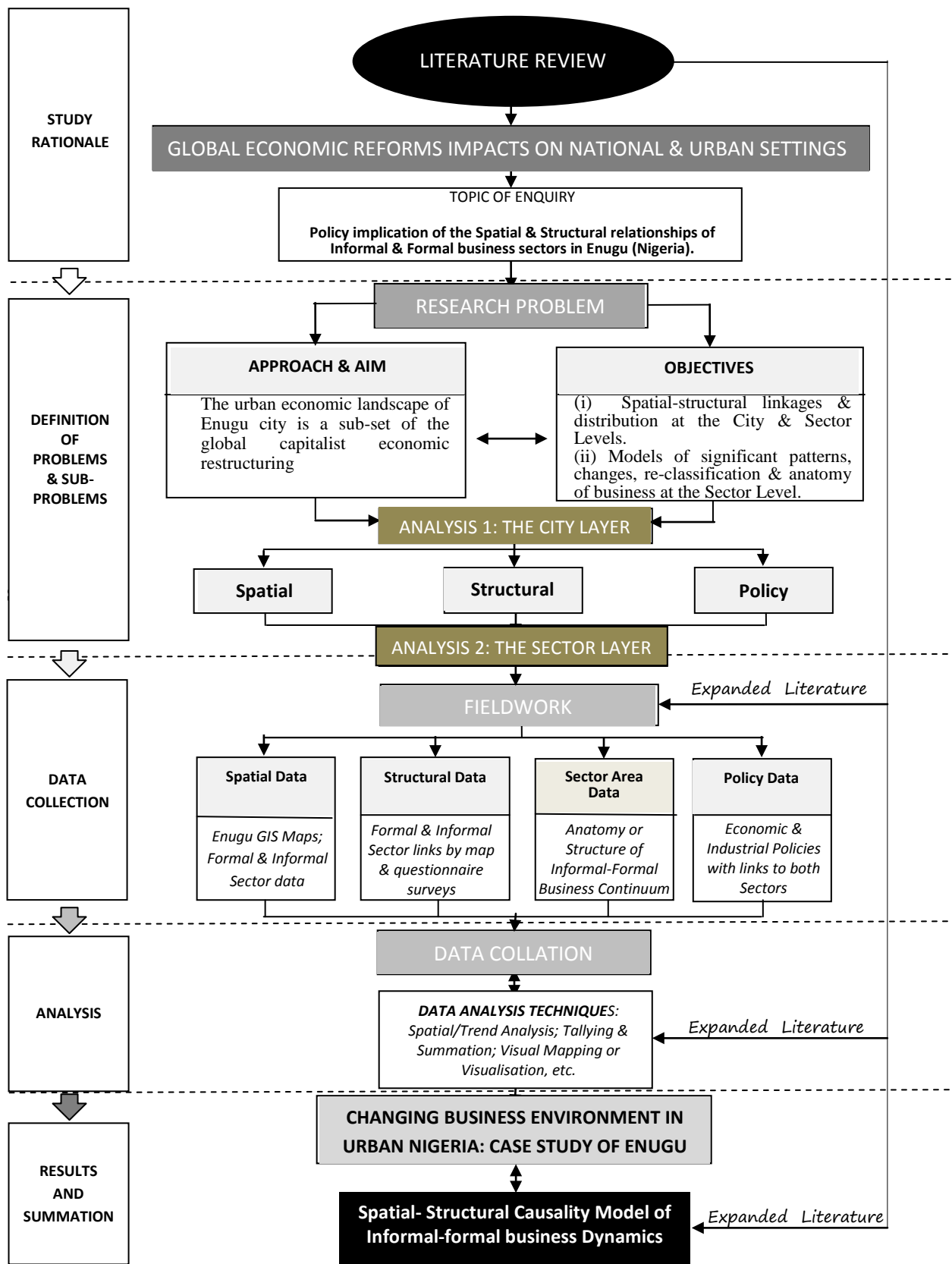


Figure 1.1: A Flow Chart showing the Research Design

typical Nigerian city, the interaction between the constituent economic activities, and the growth the urban system (see Myint 2008). In addition, the research will also help throw more light economic development, urban planning, and policy environments of informal business development in Nigeria. We shall conclude this introductory Chapter by providing a chapter-by-chapter summary of the whole dissertation.

1.8 REPORT STRUCTURE AND CONTENT

The dissertation is arranged in seven successive chapters, the basic contents of which are briefly described below. *Chapter One*, which is about to end, introduces the subject matter from the wider context of global historic evolution of business development and formalisation process. The Chapter also discusses the current advances and the challenges confronting informal sector research both globally and locally in Nigeria. Along with isolating the inherent knowledge gaps to be filled, this general introduction also attempted to locate the research problem within the labyrinth of informal-formal (sector) continuum enquiry. It is with this context that the research goal and objectives, questions, hypotheses, design, and the structure of the dissertation are spelt out.

Chapter Two deals with the theoretical framework of the current research. Pursuant to the first objective, the Chapter explores the ideological foundations in the diverse and cross-cutting issues implicated in this investigation. The Chapter has two separate but related subsections. The first part dwells on the fundamental concepts of urban growth dynamics so as to determine the onset and character of the informal sector and urban informality in contemporary developing-country cities. The second part discusses the theories of urban space and land use structure, urban form configuration, as well as the various attempts at measuring geographical or spatial element/features. Moreover, the Chapter considers the diverse conceptualisation of socio-economic processes such as migration, urbanisation and employment

under varying regimes of urban growth dynamics and economic development. Chapter Two closes with a summary section that relates this review to the subject matter.

Chapter Three reviews the amassing literature on the informal sector with a particular emphasis on the important but under-scrutinized subject of the informal-formal sector linkages and dynamics. In so doing, the Chapter took two crucial steps: one, reviewing the diverse thematic areas of academic and policy debate on the subject-matter; and two, compiling international experiences in informal sector research and compare these, along with the socio-economic profiles of selected countries (South Africa, Zimbabwe, India, Brazil, Russia, Netherlands), to the Nigerian situation. A closing segment of the Chapter summarises the highpoints of the literature review.

Chapter Four attempts to relate the issues under discourse to the Nigerian urban system and economic environment in line with the second research objective. It starts with the stages in economic and industrial evolution of the country and the emergence of the national urban system. Then, the prevailing national business environment ('the nexus of policies, institutions, physical infrastructure, human resources, and geographic features') and its impact on economic growth as well as business typology and development are explored. A concluding section discusses the prospects of theorising the Nigerian urban economic landscape.

Chapter Five discusses the methodology and procedure of the research. Essentially, it is an elaboration of the research design section (contained in Chapter One), and constitutes the basic framework through which the research goals and objectives will be pursued. The Chapter attempts to specify the study area selection and overview, detailing the growth, structure, and position of Enugu in the Nigerian urban system. Moreover, the sample sizes and sampling techniques, analytical techniques used, as well as the fieldwork process and experiences are described here. Principally, the study adopted the *multiple or mixed research methods* that incorporates both quantitative and qualitative elements, and the *proportional stratified sampling*

technique with the strata corresponding to the city centre or central business district (CBD), the axial routes or corridors, the market clusters, and the periphery.

Chapter Six presents both descriptive and attribute data on informal and formal businesses in the city of Enugu with a view to ascertaining the nature and degree of spatial and structural relationships between the two business sectors. This presentation/discussion follows the sequence in the third, fourth, and fifth research objectives with the major result outlays assuming these patterns: one, the socio-economic and other characteristics of informal and formal sector businesses; and two, an outlay of spatial and structural datasets with reference to observed distribution patterns of informal and formal sector businesses in the study area, the changes over time (between 1990 and 2010), and the determinant factors (including predisposing and negating policy environment). Consequent on this, the spatial and structural relationships between the informal and formal sector businesses will be appropriately assessed.

Chapter Seven is the summary and conclusion, and it is further partitioned into two sections. The first section, the summary of research results, distils the key research conclusions and findings drawn from the successive chapters of the entire research report with reference to study goals and objectives. The second and last section concludes the research by emphasising the theoretical and policy implications of the findings, and possible recommendations for improving the urban business or entrepreneurial landscape in Nigerian cities. Lastly, the limitations of the current investigation as well as future directions and areas for further studies are also explored.

CHAPTER 2: LAND USE AND ECONOMIC ACTIVITY DYNAMICS: DECOMPOSING THE 'EMPIRICAL TERRAIN' OF BUSINESSES

The traditional reaction of man to the apparent complexity of the world around him has been to make for himself a simplified and intelligible picture of the world. [...] The mind decomposes the real world into a series of simplified systems and thus achieves in one act 'an overview of the essential characteristics of a domain' (Apostel as quoted by Haggett & Chorley 1967: 22)

This chapter attempts to provide a coherent theoretical framework for the current research. It explores the ideological foundations in the diverse and cross-cutting issues implicated in the investigation so as to provide a logical framework for understanding the spatial and structural relationships between informal and formal economic sectors in the city. This chapter is divided into two distinct but related parts. The first part scrutinises the early concepts of urban land use structure with a view to setting the stage for an informed spatial interpretation of the evolving informality in contemporary developing-country cities. The second examines the role of urbanisation and employment generation in economic and urban growth dynamics. Exploring the nature and notions of these two multifaceted (socio-economic) processes is critical to our understanding of the labour market dynamics, the origin of informal employment, as well as the basics of modernisation theory. The process of the subsisting discourse is represented in the concept map shown in Fig. 2.1. Then, a concluding section sums up the Chapter with emphasis on the innovative social science techniques, such as System to Complexity theories, aimed at the simulation of diverse spatial economic phenomena.

2.1 LAND USE STRUCTURE AND URBAN FORM

Debates on urbanism and land use can be reduced to the dialectics between the object (city/country, land, and space) and the main subject of reference (i.e., human, and natural and man-made entities). Consequently, it becomes apparent that such debates may also be conceived in terms of their representation(s) of the diverse and varying inter-relationships bet-

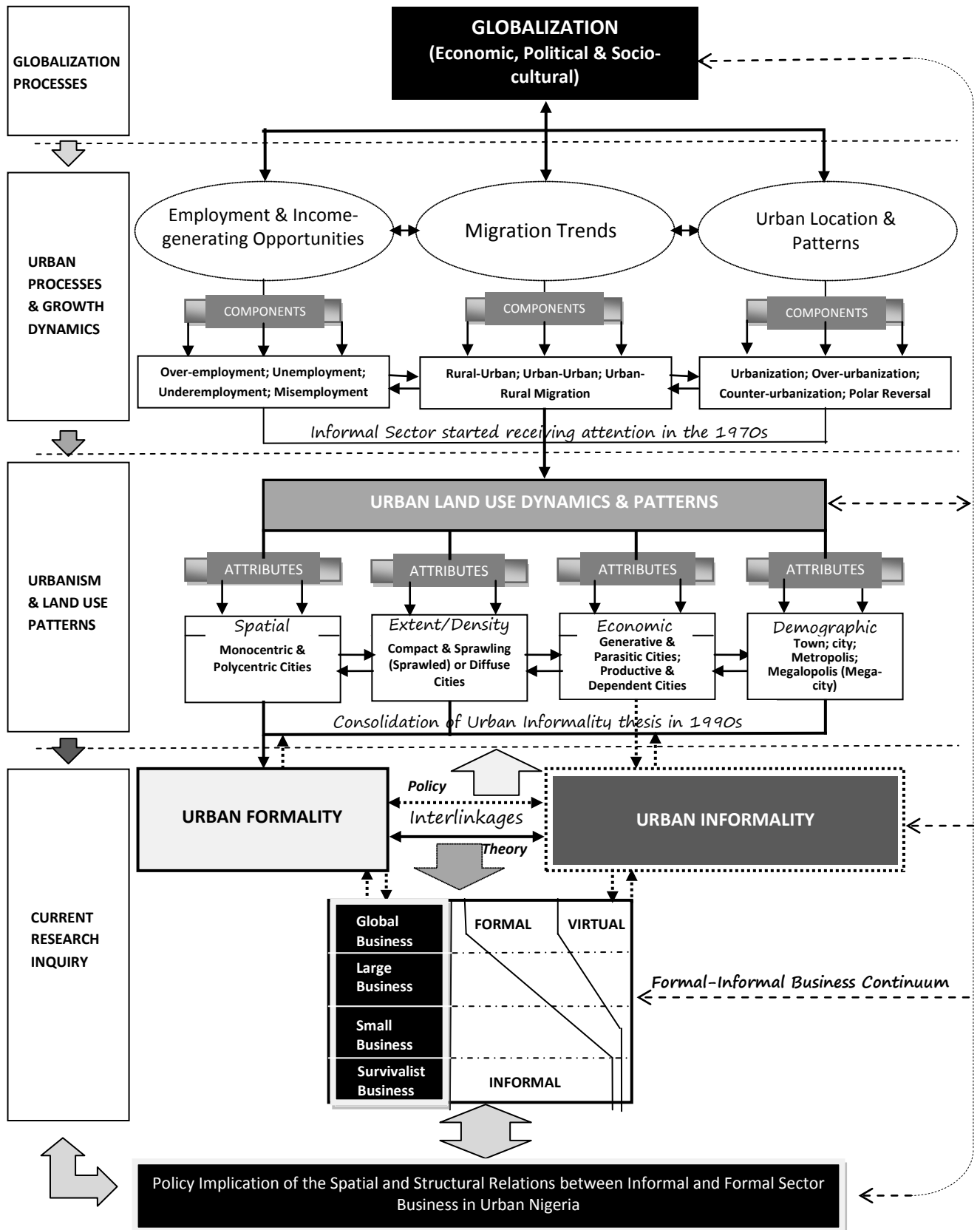


Figure 2.1: The Concept Map of the theoretical framework of the research.

-ween the object and subject (Sayer 1984; Saunders 1986: 253-288). To Sayer (1984: 282) notion of subject-object mutuality signifies “content-less abstractions, until we specify what kinds of object with what kinds of causal powers actually constitute spatial relations, there can be no abstract general theory of space that is applicable to all objects.” It is definitely for this reason that over the years social scientists have not just struggled to unravel spatial relationships between or among ostensibly discrete objects or things, but also model to ‘the essential characteristics of a domain’ (Apostel 1961: 15). The so-called Waldo Tobler’s first law of geography makes this principle very explicit, to wit that: “everything is related to everything else, but near things are more related than distant things” (Tobler 1970). In fact, one of the most outstanding and enduring legacies of urbanism research is the conception of the political economy of space, which crystallised in the mid-20th Century from modicums of evidence in early writings of 19th Century Marxist social philosophers like Karl Marx, Friedrich Engels, Émile Durkheim, and Max Weber (see Saunders 1986).

The major substance of this capital-space ideology is captured in Saunders’ (1986: 159) translation of Henri Lefebvre’s (1977) submission:

“Because space bears the imprint of capitalism, it imposes the form of capitalist relations (individualism, commodification, etc.) on the whole of everyday life. The architecture of our cities symbolizes capitalist relations....The organisation of space – the essential similarity of different places, and the hierarchy of control between dominant and subordinate places – thus carries within it the inner logic of capitalist hegemony. Capitalist relations are reproduced in everyday life through this spatial patterning.”

Basically, employment generation and urbanisation are very important socio-economic processes that underlie the complex activity systems that find physical expression in both the land use fabric and urban form. This is akin to the city support base thesis of Harris & Ullman (1945: 7) that distinguishes, in line with economic base theory, the economic and social

services generated within a city basic (export to tributary regions) and non-basic (internal services that sustain the former) outputs. However, with the benefit of hindsight, we can now tell that this distinction between services that are internal to the city (such as barbers, dry cleaners, shoe repairers, grocery men, bakers, and movie operators) and the ‘principal activities’ that are external to it (like mining, manufacturing, trade, or some other activity) is too simplistic and no longer hold water. Urban economic activities, irrespective of forms and types, are ‘inextricably intertwined rather than separate’ (Williams & Round 2007: 428).

The current spate of urbanisation in the world, particularly in developing countries, and the attendant restructuring is focussing attention on the emergent economic, socio-cultural, and political dynamics and their land use interfaces (Fyfe & Kenny 2005). The basic rationale for such manifestation and transposition is provided by the layered structure of the urban activity system (Chapin & Kaiser 1979; Geyer 2001). Chapin and Kaiser’s (1979) characterisation of complex material and non-material processes in an urban land use system reveals three components of activity, development, and environmental subsystems. Following this graphic portrayal, Stuart Chapin and Edward Kaiser expounded them respectively to include: (i) the physical, economic, and socio-cultural actions/interactions of the *activity agents* (individuals and households, firms, and institutions); (ii) the resulting land improvements mediated by *development agents* (developers, consumers, financial intermediaries, and public agencies); and (iii) the consequent change to the natural surroundings depicted by *agents of nature or environment* (biotic — plant and animal communities and abiotic — water, air, and matter). A land use structure can therefore be construed as ‘a simplified and intelligible picture’ of this complex interacting system (Harvey 1967: 550; Chapin & Kaiser 1979).

In a typical city scenario, land use patterning affords us a key referral to urban formation. Geyer’s (2001) human activity model conceptualises a typical urban activity system, comprising multiple layers of socio-economic activities based on: (i) the community need

profile; (ii) natural resource base/potential; (iii) technical know-how and labour capacity (refer to Figure 2.2).

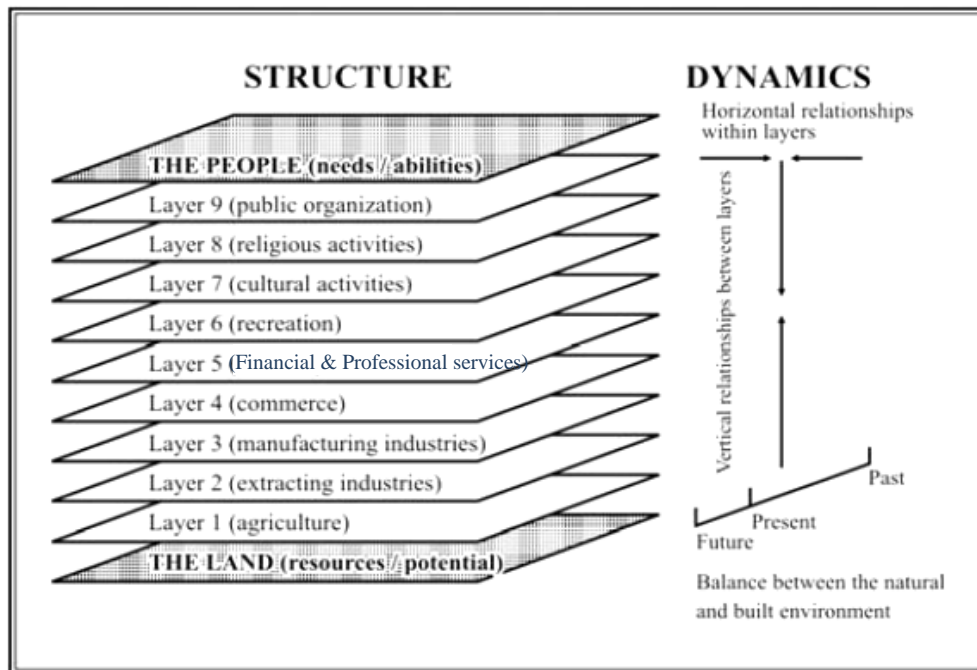


Figure 2.2: Human Activity System Model (Source: Geyer 2001).

Since diverse-activity collectives and technological/infrastructural endowments are likely to result in different urban system outcomes (Geyer 2002: 7). Is it then axiomatic that formal and informal enterprises with dissimilar characteristics and activity influence (range of goods and services) might have separate impact on land use and urban form(ation)? How can an optimum balance be maintained between the two? The study will hopefully substantiate these and other related questions.

Over the years, social scientists have been preoccupied with the complex nature of urban places as well as the life patterns and other processes they continuous engender. Saunders (1986: 14) shares the view that this initial stages, the ‘founding fathers’ of urban sociology believed that “the urban question must be subsumed under a broader analysis of factors operating in the society as a whole” (Saunders 1986: 14). As such, Karl Marx (1818-1883),

Friedrich Engels (1820-1895), Émile Durkheim (1858-1917), and Max Weber (1864-1920) never treated the city as a distinct and separate theme of inquiry. Whereas Marx and Engels saw the urban-rural separation as a spatial cognate of unfolding capitalist mode of production at the heel of the receding feudal mode, Durkheim saw the division as another form of social differentiation occasioned by division of labour. As urbanisation became more intense and widespread, these largely Marxist ideologies of urbanism began to wane as urbanisation re-emerged from sociology to assume a character of its own. Yet, it appears the capitalism-urbanism connection has continued remained relevant till date. But let us briefly examine how these incipient early thoughts became crystallised in the early 19th Century urbanism.

2.1.1 Models of Land Use System

Conceptions of the land use system are basically an extension of the subject-object dialectics in the Social Sciences. Over the years, several attempts at modelling the urban land use structure can be categorized loosely according to their outlook and approach into composite or holistic, partial, and ‘emancipatory’¹¹ concepts of the city. Whereas the theories developed by the so-called Chicago sociologists¹² took a more *composite approach* by simulating the entire city structure, the others such as the Central Place Theory, the Urban Retail Structure, and diverse variations of the two espoused a rather *partial approach* with more concern on commercial land use morphology and space dynamics. Here, the *emancipatory approach* refers to *space and place-based* concepts of informality. We shall examine these three broad approaches to the concepts of urban land use structure and city form in turn.

¹¹ The adjective ‘emancipatory’ is used here to qualify those concepts not steeped in Western academic tradition, which pertain to what Harrison (2006: 320) has fittingly described as “recovering ways of thinking and forms of knowledge that were subalternised by colonialism” and perhaps, the gaps in Western ideology (see Hart, 1990: 158).

¹² An abbreviation used in social science to describe scholars associated with the University of Chicago’s School of Sociology around the first half of the 20th Century.

2.1.1.1 *The Composite Approach: From the 'Chicago School' to the Central Place Theory*

The three models of urban form developed by members of the Chicago School of Sociology – the theories of *Concentric Zone* (Burgess 1925), *Sector* (Hoyt 1939), and the *Multiple Nuclei* (Harris & Ullman 1945) – are ascribed to as ‘foundations’ in urban geography since they pioneered the study of urban space (Fyfe & Kenny 2005: 16). Though all three models emanated from the extensive ethnographic surveys of Chicago and a number of other American cities, each successive one in some respect represent an amplification or improvement on the one before it (see Mabogunje 1968: 176-179; Fyfe & Kenny 2005: 28). From Anthony Burgess’ simplistic conjecture of the ‘rippling out’ of different residential categories from the central business district (CBD) to the periphery based the corresponding change in land value and accessibility, Homer Hoyt introduced additional variables of land-pricing (or rent) and accessibility effects of major transport routes into the location and urban growth equation to reveal sector-like patterns of homogenous residences. In the same vein, Chauncy Harris and Edward Ullman’s *Multiple Nuclei* theory took further steps to bridge some ‘real world’ complexity gaps left unattended to in the conceptual models of Anthony Burgess and Homer Hoyt. This it did by incorporating: (i) a wide array of land uses (besides just residential activities); (ii) the tendency of certain activities to agglomerate with or repel others; (iii) the variation in rent and other conditions that impel activities to cluster in certain districts and not others within the city; and (iv) the notion of multiple nodes or centres. Yet, the relevance of these pioneering theories beyond the context of a typical American city of that era has been seriously questioned (Mabogunje 1968; Agnew 1997); but Fyfe and Kenny (2005: 15) have somehow attributed their continued visibility in urban geography and planning texts to the expedience of extending earlier urban theories in order to “ contrast contemporary conditions with historical ones...and/or to acknowledge the consequence of geographic thought on contemporary and current policy and the construction of knowledge.”

The idea of cities as a spatial system of trading centres was first proposed by the German geographer, Walter Christaller in 1933 but was subsequently elaborated by his economist and fellow countryman, August Lösch in 1940. Judging from its very wide utilisation in both academic and policy circles, the Central Place concept (in its various forms and interpretations) appears to be one of the most influential and versatile of the spatial models. This normative theory is predicated on the basic principles of *range* and *threshold* (indicating the distance that consumers travel to procure particular goods or services and the lowest number of consumers necessary to sustain a business offering particular types of goods or services respectively). The basic submissions of the theory are as follows:

1. Higher-order goods usually have greater threshold sizes (i.e., the number of customers require to support the each goods or product), and so the frequency or rate at which such goods are provided within a given economic landscape is lower.
2. Conversely, lower-order goods normally have lower threshold sizes (i.e., the number of customers require to support each goods or product), and therefore, their frequency or rate of availability or provisioning within a given economic landscape is higher.
3. The range of goods supplied is related to the number and size of settlements or nodes within its hierarchical distribution channels.

Taken together, these two elements go to explain the movement-maximization condition, whereby the supply of goods and services from central places become as near as possible to the consumer. One distinction that is worthy of note is that whereas Christaller's model took a supply-side approach, Lösch's later modification saw the establishment of such central places from the demand-side. Ultimately, a hierarchical order in the size and distribution of retail activities, transportation route and system of settlements would result. This conjecture is premised on an isotropic condition of 'same physical properties in all direction'; implying also

uniform population distribution, purchasing power, terrain, resource localization, and transport facility (see Garner 1967: 306-307).

Despite its wide application, the central place theory has been criticised on the grounds of its hypothetical and static assumptions¹³ (Vinning 1955; Richardson 1973; Geyer 2002: 5). Nonetheless, some other made efforts to incorporate more realistic and dynamic attributes of urban functions.

2.2.1.2 *The Partial Approach: Retail System and Space Theory*

Over the years, urban geographers from Proudfoot (1937), Berry and Garrison (1958) to Stine (1962) have adopted the basic ideas of the Central Place Theory — *threshold*, and *range of goods and services*— in the analyses of fixed and periodic markets in American cities. In so doing, these scholars auspiciously distilled the empirical benefits of Christaller’s static model. Proudfoot (1937), based on his detailed studies of Chicago, Philadelphia, Cleveland, Atlanta, Des Moines and other American cities, came up with five categories of commercial/retail conformations – the Central Business District (CBD), Outlying Business Centre, Principal Business Thoroughfares, Neighbourhood Business Streets, and Isolated Store Cluster. By this categorisation, Michael Proudfoot alluded to the hierarchy in the size and significance of from the central core of retail-finance-wholesale-administration collectives and other outlying sub-centres, though the linear commercial activities hardly extends beyond the street frontage to the few isolated stand-alone convenience-goods stores – the lowest outlet of the city retail structure.

Berry & Garrison (1958) have adduced this tendency for businesses conform to a cluster-arrangement rather than a linear- or stripe-arrangement to three determinant factors,

¹³ There are also *non-central places*, which do not conform to the locational logic of the central place theory and other location theories. These include places such as mine fields, religious pilgrimage centres, military facilities which are subject to what Richardson (1973) dubbed *locational constant*. According to him, three determinant conditions include: “(i) an immobile natural resource (e.g. an area of mineral deposits, a deep water harbour); a long-established city (its foundation may have been based on a now obsolete locational advantage, pure chance or explained by historical factors); (iii) particular sites that have special advantages due to (a) the heterogeneity of land or (b) being potentially nodal locations from the point of view of future transportation development, and then that are developed earlier than other sites” (p. 173)

namely: (i) the socio-economic characteristics of the area (population-density, income-density, and purchasing power parity); (ii) the accessibility factor as dictated by the pattern of transport facilities and flow of traffic in the city; and (iii) the nature of the business outfits, potential size of the market, and number of available competitors. Perhaps, in the effort to avoid the analytical staticism for which the Central Place Theory has been criticised, Stine (1962) had attempted, albeit to a limited success, to incorporate maximum and minimum *threshold-range* imperative into the dynamic situation of periodic markets. In his postulation of the decision-making process of traders whether to remain in a fixed location or to become itinerant, Stine (1962) specified that the former (fixed location) is a factor of when an enterprise's position within its maximum *range* and *threshold* areas, excepting which it is compelled to more itinerant or risk liquidation and eventual closure. Though this analysis may seem like an oversimplification of the truly complex system of itinerant or mobile traders, it however remained a bold attempt to input an element of dynamism into the Central Place Theory.

Garner's (1967: 304-305) six principles of spatial location that underline dominant theories of urban form, commonly referred to as *Location Theory*, are germane to this discourse not just because their universality but also for the reason that they are still useful in urban space analysis. These principles include:

1. The spatial distribution of human activity reflects an ordered adjustment to the factor of distance;
2. Location decisions are taken, in general, so as to minimize the frictional effects of distance;
3. All locations are endowed with a degree of accessibility but some locations are more accessible than others;
4. There is a tendency for human activities to agglomerate to take advantage of scale economies;

5. The organisation of human activity is essentially hierarchical in character; and
6. Human occupance is focal in character.

But how have these enduring tenets of spatial dynamics been incorporated into contemporary theorising of urban functions? This concern is addressed in the next with emphasis on they are aiding our understanding of urban informality.

2.2.1.3 The Emancipatory Approach: Tracing the Spatial Logic of Informality

Clearly, conventional theories of urban land use structure are largely based on industrial location and other formal firm dynamics. As a result, much of the social science discourse, particularly those connected with the ‘geography matters’ debate¹⁴, have only partial (if any) reference to informal business activities and their ‘spatial logic’ (see Sanders 1987; Kesteloot & Meert 1999). Neither did these ‘once-dominant constructions of Western (Occidental) rationality’, to use Harrison’s (2006: 319) expression, consider it research-worthy to map the geographies or ‘space-occupying patterns’ of urban informality (Dierwechter 2002: 26). Several reasons have been given for such grave oversights but here we shall focus on two pioneering concepts that attempted to recover the other portion of the urban land-use structure apparently ‘short-circuited’ by the ‘dominant representations’.

In his ‘two-circuit’ model implying the idea of ‘shared spaces’ between the upper (formal) and lower (informal) circuits, Santos (1970, 1972, 1979) elaborated the unequal relationship at the macro-spatial and intra-urban levels of developing economies (see Figure 2.3). Notice the three categories of relationships between the two circuits, and how it is the lower circuit is more open to ‘horizontal’ than ‘vertical’ functions in spatial integration. In Milton Santos’ view, part of this asymmetry is created by undue public support mechanism

¹⁴ The phrase ‘geography matters’ and the basic idea of this debate is derived from the famous 1984 work of the British geographer, Doreen Massey, where she inferred that: “Geography matters. The fact that processes take place over space, the facts of distance and closeness, of geographical variation between areas, of the individual character and meaning of specific places and regions – all of these are essential to the operation of social processes themselves”(Massey 1984: 52)

(infrastructure provision, training, urban planning, and financial guarantees) that favour the upper circuit at the expense of the marginalised lower circuit. Implicit in the notion of a circuit system is the fact, which Santos (1979) himself pushes across, that the neglect of lower-circuit dynamics in the theorising of urbanisation and modernisation in developing countries would result in both defective and deficient outcomes.

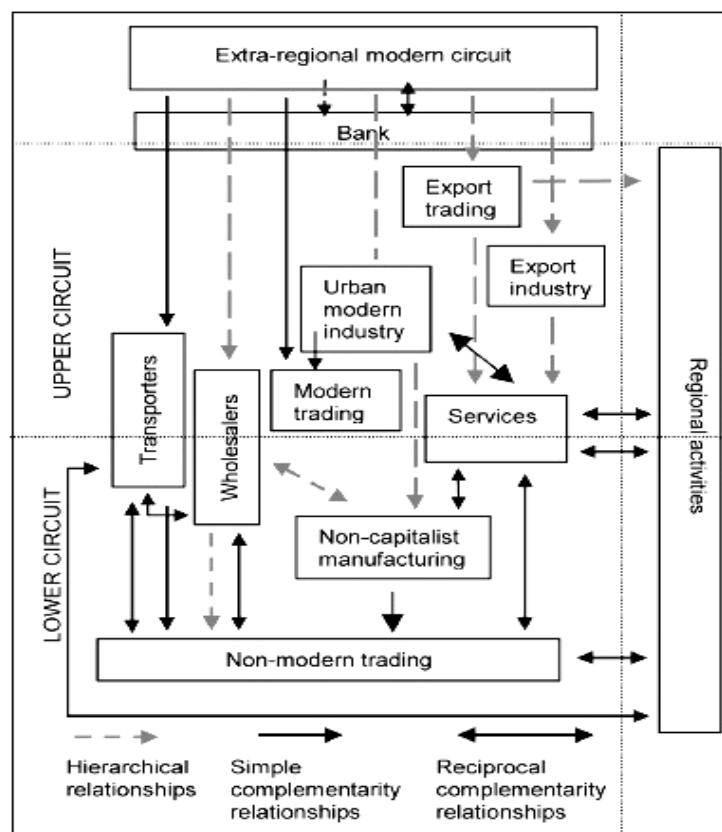


Figure 2.3: The Two-circuit Spatiality of the Developing-Country City
(Source: Santos 1979: 19; Reproduced from Dierwechter 2002: 25)

Sequel to this, McGee's (1973) widely cited work on hawkers of Hong Kong adopted Milton Santos' two-circuit concept in his exploration of land-use transformation and patterns within the 'shared space' of the city. The contrasting characteristics of these two portions of the economy – the higher and lower circuits – predispose them to “different spatial and sectoral requirements and demands” (McGee 1973: 26), a matter that accounts for the distinctive mixed land-use pattern and juxtapositioning of the city's spatial structures (as depicted in Figure 2.4).

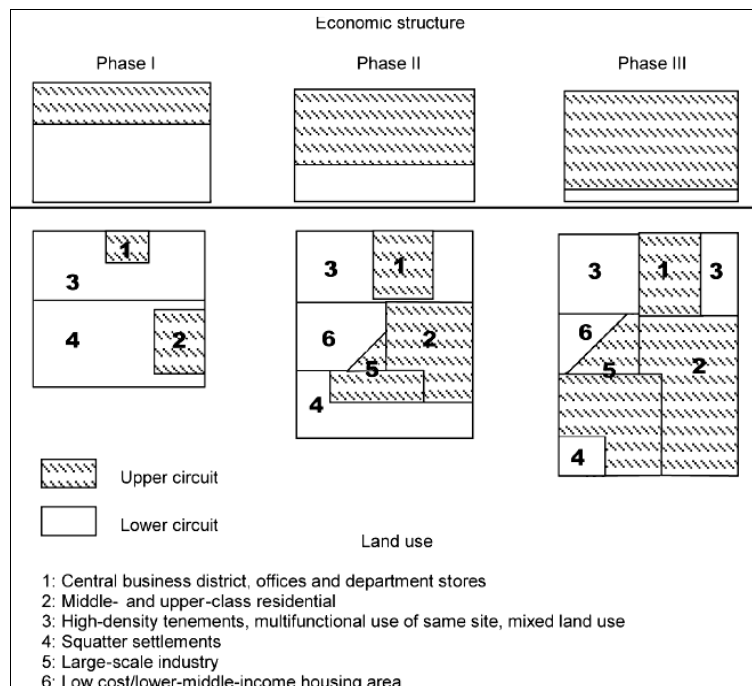


Figure 2.4: McGee's two-circuit land-use model of urban development
(Source: McGee 1973: 25; Reproduced from Dierwechter 2002: 27)

Within this 'shared space' of interaction, Terrence McGee pictured an intense spatial competition in which the higher circuit will in due course displace or edge-out the lower circuit. This higher-circuit expansion is not only due to the incentive and privileges it enjoys over and above the latter but also because the contemporary notion of modernisation and urban development is conceived in that light. In McGee's (1973) view, one valid approach to remedying this vulnerable position of hawkers (who constitute part of the lower circuit) in the urban space as against that of the supermarkets (the modern trading component of the higher circuit) does not lie in zoning enforcement or relocation but in an improved recognition, on the part of urban planners, of the spatial logic and patterns of the lower-circuit activity system. As noted earlier in Section 1.3, Santos (1970, 1972, 1979) and McGee (1973) were basically the precursors of the subsequent *space and place-based* informality research in the 1980s and 1990s (see Bromley 1980; Dewar & Watson 1982, 1990; Van Dijk 1983; Sanders 1987; Geyer

1989; Mochache 1990 *for developing countries*; Kesteltoot & Meert 1999 *for Belgium*), and the more recent resurgence like Dierwechter (2002), Hansen and Vaa (2004), Roy and Al-Sayyad (2004), Kudva (2005), and Brown (2006) to mention the key ones. One clear lesson underlying this spatial paradigm of urban informality is, like Ranis and Stewart (1999) have also emphasised in their *traditional* and *modern informal sector* distinction, that lack of adequate space can make a marked difference in business profitability and survival. Hence, reiterating the close interface between the development and urban planning answers to the twofold informality question.

Put in a historical context, the emergence of the informal sector and the grounding of informality ideology in ‘space and design-based studies’ – i.e., geography, anthropology, environmental science, urban planning, regional science, and architecture¹⁵ are essentially a part and parcel in the unfolding features of post-modernity¹⁶, particularly as it impinges on the development perspective of developing countries (see Hirt 2005, 2009; Watson 2002, 2003, 2009a for example). Harrison (2006: 324) adduced some of these developments to the fact that “recent shifts within Western critical theory have prized open the space for rescuing and recognising secreted logics and forms of knowledge”. Urban informality paradigm, the basic theoretical concept that underpins the current research, is founded on a space-informal economy dialectics as Neema Kudva aptly describes in her Delhi and Ahmedabad (India) case studies. She concluded that:

“*space* needs to be an organising principle in thinking about the processes and impacts of increasing informalisation and how we build collective struggles for change in vibrant but fractured urban environments. Space here was understood not

¹⁵ See Manson and O’Sullivan (2006: 667)

¹⁶ Hirt (2005: 28) has identified other features *postmodern* urbanism as: (i) a growing interest in participatory planning (in lieu of the former dominance of rational planning performed by value-free experts); (ii) a search for urbanity, urban identity, and cultural uniqueness (in lieu of the former focus on functionalism, efficiency, and rational organisation of urban forms); (iii) an appreciation of historic space; a return to traditional urban forms (in lieu of the modernist belief in the supremacy of new forms); a mixing of land uses and flexible zoning (rather than strict land-use organisation); and (iv) the pursuit of human-scale, pedestrian-friendly, higher density, urbane and compact forms (in contrast to spread-out, low-density, and auto-oriented forms).

just as a backdrop to urban activity and action, but as simultaneously defining urban activity, in the process, reinforcing inequities in power and resource allocation. Related to this issue of a dialectical relationship between the informal economy and space, were the ways in which urban space *restricts* mobility and in doing so, plays a role in increasing informalisation of work; thus, shaping the possibilities for the exercise of power or protest, collective organizing, and governance” (Kudva 2005: 178, *original emphasis*)

The tensions between informality, space and society are real and will be considered in various national contexts in the next chapter. At the moment, it is imperative to clarify the basic socio-economic processes at play in the city and their diverse conceptualisations. Any holistic analysis of the emerging urban informality would readily acknowledge the complementarity of these processes cum components of the socio-economic structure – employment, urbanisation and migration. We shall examine how their conceptualisation by scholars of different theoretical persuasions has improved our understanding of the underlying factors in the dynamics of urban informality.

2.2 EMPLOYMENT, MIGRATION AND URBANISATION PERSPECTIVES OF URBAN INFORMALITY

In his enunciation of an *interdependency theory* of global urbanisation, Clark (1998: 88) regards urban development as “the consequence of deep-seated and persistent processes that enable and encourage people to amass in geographical space.” Citing Childe (1950) and Lampard (1965), he related the continuation of urbanisation to two fundamental historic preconditions – surplus production that supported non-agricultural occupations and social development that made large multifarious communities possible. By this reference to production/consumption and social organisation, David Clark somewhat harped on the thesis that connect 19th Century urban social theorists (like Karl Marx, Friedrich Engels, Émile Durkheim, and Max Weber) to more recent urbanisation and modernisation theories (see Saunders 1986).

Modernisation basically implies “the diffusion of an innovation from a core region to a peripheral subordinate region or from an anterior historical period to a subsequent one” (Santos 1979, 12-13). Undoubtedly, the slow or indirect way in which the vaunted innovation ‘trickles down’, if at all, has brought *modernisation theory* to considerable criticism. Alternatively, migration – which signify an outward search for new or better employment opportunities usually from a ‘peripheral region’ to a ‘core region’ with the expectation of improved living standards – is more relevant to the complex dynamism between industrialisation, employment, urbanisation, and development (Todaro 1969, 1982; Todaro & Harris 1970; Todaro & Smith 2009). The main frame of the labour absorption argument shared by these scholars is that formal-informal duality in the urban labour market act as a kind of employment buffer for recent rural-urban migrants as well for many unskilled and without-job ‘urban natives’ or more established urban residents (see Merrick 1976). In other words, in most developing countries where excessive labour surplus occur due to substantial rural-urban migration, the informal sector as a *clearing house* for the urban labour market since individuals and households can easily move between the informal and formal economic sectors (Harberger 1971; White 1979; Altman 2008). By implication, a treatise of this sort dealing with the spatial and structural relationships between informal and formal sector businesses would normally straddle between the factors of development such as migration, urbanisation, employment, and industrialisation. Moreover, it is important to appreciate not just the transformations in the their basic conceptualisations but also how these are related to the apparent trajectory in global production process from the *Fordist* era (characterised by large-scale production and notion of full employment) to the *post-Fordism* (typified by informalisation of labour and flexible employment relationships) (Fortuna & Prates 1989; Sassen-Koob 1989; Carr & Chen 2002: 2; Chen 2007; Gallin 2007). We shall consider these concepts of employment, migration and urbanisation one after the other.

2.2.1 Concepts of Employment, Unemployment, and Underemployment

Social scientists, economists and geographers in particular, have over the years sought to understand the concept of employment (and its converse, unemployment) as it applies to industrial/economic activities in diverse political and socio-cultural contexts (see Sverrisson 1992; Schmitz 1995; McCormick 1999 for example). With recent diversification of employment relationships throughout the world, labour segmentation has continued to increase both in the formal sector (in form of fulltime and part-time employment) and the informal sector (akin to self-employed worker, unpaid family worker, informal wage worker, and industrial outworker or home-worker). The differing socio-cultural contexts under which jobs are sought for, acquired, kept or lost add to further complicate the meaning (and measurement) of *unemployment* and other manifest divergences from *full employment*.

2.2.1.1 Do they equate to Informal work?

Earlier on, Bairoch (1973) had highlighted the dangers of applying Western concept of *unemployment* in traditional societies of many developing countries where lack of job carried little or no social opprobrium. Hence, the Berquean notion that ‘the traditional leisureliness of the peasantry’ does not translate into ‘the joblessness of underdevelopment’ poses a valid challenge to the Western reading of *unemployment* (Moser 1978: 1047). Sometimes, due to the seasonal nature of certain occupations (agriculture/agro-related production, construction, and tourist sectors, for example) labour utilisation may be constrained leading to condition of *underemployment*. Also, the same condition of labour underutilisation occurs when: one, the capacities of workers in lower-wage jobs are underutilised relative to their education, experience, skill, as well as choice and ability to work for longer periods of time; two, the number of workers doing specific jobs can be reduced without affecting the aggregate output; and three, and an inverse of the preceding point, a situation where there an organisation or

economy cannot muster sufficient work to fully engage the workforce in its service (Gugler 1982: 176; Feldman 1996). And these include informal activities such as begging, prostitution, scavenging, activities of domestic servants or house-helpers, stealing and other illicit activities as well as those who Josef Gugler called ‘hangers-on’ in the bloated government bureaucracies all come under the umbrella of *misemployment*.

Apparently, *underemployment* incorporates diverse circumstances of *hidden unemployment* or ‘over staffing’, and *misemployment* common in both the formal economy as well as in diverse occasions of petty production and services in the informal economy (see Gugler 1982: 176; Axel 1999 for developing countries; Graboski 2002; Sabine 2002; Williams & Round 2007; Round, William & Rogers 2008 for transition countries). Diversification of employment outlets achieved through the concentration of social and economic activities in space is fundamental to the process of urban growth and modernisation. These issues are ensconced in the enduring dispute between neoliberal and Marxist scholars. Initially, the early neoliberal (pre-1970) and Marxist scholars (pre-1980) shared a common marginalist view of the informal sector as a transitory and survivalist phase of development that would disappear with modernisation. But later on, the failure and decline of the ‘modern’ sector coupled with the persistent expansion of the informal sector in the 1970s and 1980s however compelled both sides to shift grounds by accepting informal activities as ‘valuable economic endeavours’ worthy of attention (Rakowski 1994: 501; Menyah 2009). Yet, this later revisions has not resolved their entrenched positions on issues relating to: (i) the real cause of the informal sector; (ii) the extent and path of state intervention required in the sector; (iii) the target/limits of the support measures; and (iv) the viability of informal businesses and the future of the sector itself (see Rakowski 1994). Beyond this, the urgency to ‘accelerate growth and improve the welfare’ in the informal sector and policy pragmatism seem to be shifting the debate while

point both schools of thought towards positivism and inclusiveness. In the words of Rakowski (1994: 509):

“Complicated theories – e.g., neo-Marxist – may have fallen from favour because of their low potential for contributing to economic policy and their assumed contradiction with neoliberal democratisation process. Other logical possibilities include the demand from politicians, social welfare advocates, NGO personnel, and informals themselves for clarification of ideas and discussions”

In any case, it is crucial to explore the employment-urbanisation nexus in order to see how a weak economic/employment base in the cities can both motivate and be sustained by socio-economic-deficient urbanisation.

2.2.2 Concepts of Urbanisation, Counter-urbanisation and Polarisation Reversal

The world is witnessing an age of urbanisation, which results from rural-urban migration, immigration, and natural population increase. With a world population that only hit the 7 billion mark on the 31st of October 2011, over 3.5 billion people (or 50.46%) live in towns and cities (United Nations, 2010, 2011). It is predicted that by the 2025, less than fifteen years from now, nearly 60% (about 5 billion people) of the world’s projected population of 8 billion people will be living in cities and towns with a significantly greater percentage of these changes occurring in developing countries (Clark 1998; United Nations 2010). In order to explore the urbanisation-informality interface, we shall analyse the diverse conceptions of urbanisation processes and their impact urban informality (particularly, in the area of informal employment and housing).

2.2.2.1 Urbanisation and Over-urbanisation: Migration Perspective

The famous British urban geographer, Sir Peter Hall defined urbanisation as:

“a complex set of economic, demographic, social, cultural, technological, and environmental processes that result in an increase in the proportion of the population of a territory that lives in towns and cities, an increased concentration of population in the larger settlements of the territory, and an increasing density of population within urban settlements” (Hall 2009: 112).

Though descriptive of the key characteristics and processes of this pervasive phenomenon, it however omits the essential element of de-concentration over a city's life cycle. Under this consideration, we accept Clark's (1967: 280) classic definition of urbanisation as “(t)he macro-location of industry and population [which] tends towards an ever-increasing concentration in a limited number of areas; their micro-location, on the other hand, towards increasing diffusion, or ‘sprawl’.”

The urbanisation experiences of developing countries differs significantly from those of the developed regions of Europe and North America given the vast natural resource endowment, lower levels of natural population increase, and disparities in the global contexts of the two regions at a comparative period in history (Karsada & Crenshaw 1991: 468). Yet, in the first half of the 20th Century, many Euro-American scholars had sought to explain ‘Third World’ underdevelopment by the nature of its urban growth and processes (Hoselitz 1955 for example) but, as we shall see in the proceeding discourse, most of them were content with elaborating the causes and not the effects on the city and employment structures. The ‘Third World’ development debate actually commenced with the advent of the *over-urbanisation paradigm*, and then shifted eventually after a short interlude of the *urban bias* ideology, to the *dependency paradigm* – the offshoot and hotbed of the world system theory and the world or global city theory respectively. To start with, the precipitating deprecatory urban-rural conditions – such as pervasive poverty, an inefficient labour market, infrastructure overload/scarcity, etc. – became construed as atypical or ‘too-rapid’ urbanisation (Davis & Golden 1954; UNESCO 1957; Lipton 1977; Karsada & Crenshaw 1991; Gugler 1982). The

over-urbanization thesis is founded on two basic premises: (i) that pressure on rural land (and not urban attraction) is the critical motivating factor in this characteristic urbanisation; and (ii) the supposed atypical urbanisation trends in developing countries, unlike the developed-country equivalent, did not correlate with industrialisation.

Sovani (1964) and Kamerschen (1969) after him debunked some of the methodological and empirical claims of the Euro-American scholars on *over-urbanization*, arguing that: (i) the developing-country urbanisation responded to the same urban-attraction factor as its developed-country equivalent; and (ii) urbanisation-industrialisation correlation is not limited to developed country scenarios but also present a number of developing countries. In fact, Sovani (1964: 122) criticised the insinuation by this group that “tolerable densities in rural and urban areas beyond which the resulting social situation is abnormal” as simply ethnocentric. Alluding to Karl Max’s theory of urban socio-cultural evolution and the notion of urban diversity by Gideon Sjoberg, he (Sovani) established that notwithstanding the intrinsic ‘universal structures’ of urbanisation, as a process it is culturally-embedded, and as such it is arbitrary to “expect the same kind of social developments in underdeveloped countries as in the polar type of Western city” (Sovani, 1964: 120).

Yet, even while implicating migration streams in the over-urbanisation phenomenon, no explicit connections were made by these urbanisation scholars to the expansion of informal sector employment in developing-country cities. The underlying drivers of migration (main-stream and sub-stream flows) and how they impinge on the city and employment structures becomes clearer when reference is made to the principles of *productionism* and *environmentalism* (see Hart 1983; Geyer & Kontuly 1993; Geyer 1996, 1998, 2002). Geyer (2002: 11 **original emphases**) put succinctly:

During the urbanisation phase, indications are that **productionism** oriented migration (i.e. migration aimed at improving people's ability to find employment) seem to be dominant, while **environmentalism** – i.e. pleasant living conditions – becomes more important during counter-urbanisation.

Essentially, this dynamics is linked to the informal sector since it is the same productionism-oriented migration drivers impelling 'some young well-educated individuals looking at cities as career escalators' that is also pushing the 'lowly skilled people migrating to the city drawn by the Harris & Todaro's (1970) bright light syndrome' (Geyer 2012, pers com). Hence, providing explanations of how migration streams in the developing world are specifically linked to the processes of urbanisation, *polarisation reversal* and *counter-urbanisation*. What do these phases in urban evolution really mean, and what are their respective impacts on urban system hierarchy? How are they related to the current development tempo and trend in developing countries?

2.2.2.2 *Counter-urbanisation (CU), Polarisation Reversal (PR), and the Theory of Differential Urbanisation (DU)*

In reality, any reliance on a single theoretical construct to explain the phenomena of underdevelopment has often amounted to oversimplification due to the inherent complexity of the causations. Depending on their economic fortunes and other prevailing circumstances, cities and towns have over time either grown (i.e., urbanisation) or dwindled ('de-urbanisation') in extent, population-size and –density, heterogeneity (Beale 1975; Berry 1976: 17). The former process, urbanisation, is often at its height during the *urban differentiation phase* when mobility factors and expanding socio-economic activities combine to channel mainstream migration flows to the cities at the expense of the smaller settlements¹⁷ (Geyer 2002: 11). The latter reverse process, 'de-urbanisation' or *counter-urbanisation* (CU) in the dictum of Beale (1975),

¹⁷ Geyer (2002) attributed the mobility factor component of this causation to the work of Zelinsky W. (1971) 'The hypothesis of the mobility transition', *Geographical Review*, Vol. 16, pp. 219-249. Manie Geyer also associated early *urban differentiation phase* with *premature urbanisation*, a necessary precursor to *over-urbanisation* (Geyer 1989; Gugler 1990).

was originally identified in the early 1970s in Sweden (see Alexandersson & Falk 1974) and the United States of America, USA (see Beale 1975; Berry 1976; Koch 1980). Later on, Sjöberg (1992) was to equate CU with *under-urbanisation*. Fielding (1989) has outlined four drivers of CU or *under-urbanisation*, and they include: (i) the urban-rural ‘place preference’ factor; (ii) spatial differentials in unemployment and wage rates; (iii) changes in public policy; (iv) spatial division of labour due to the restructuring of production processes. But, since only rudimentary cases of ‘de-urbanisation’ or ‘population de-concentration’ have been observed in developing countries, Richardson (1977, 1980) preferred the term PR to denote “the turning point when spatial polarization trends in the national economy give way to a process of spatial dispersion out of the core region into other regions of the system” (1980: 67).

Altogether urbanisation, PR and CU correspond to three transformational loops or phases in an urban system’s long transformation from embryonic to maturity stage of development. The concept of *differential urbanisation* (DU) simulates the idealised life cycle of an urban system as it evolves through three stages of maturation – the *urban (settlement) establishment phase*, *urban differentiation phase*, and the *urban stabilisation phase* (Geyer & Kontuly 1993, 1996; Geyer 2002: 11). Basically, the significant positive correlation between the *net migration rate* and the *settlement size* normally witnessed during urbanization phase of an affected city overturns (i.e., becomes significantly negative) at the onset of CU (Fielding 1989), whereas PR signifies a period in which there is a leptokurtic¹⁸ relationship between the *net migration rate* and the *size* of the city in question (Geyer 1990, 1996).

The persistence of higher urban wage (as compared with rural/agricultural wage) in developing countries coupled with “the absence of absolute labour redundancy in the economy” is the root cause of the steady streams of unskilled rural-urban migrants, most of who end up in the informal sector (Harris & Todaro 1970: 126). Evidence abounds in literature that

¹⁸ In statistics, leptokurtic curve describes ‘**kurtosis**, with an unusually peaked, or pointy, distribution’ (Leedy & Ormrod 2010: 264). In essence, *net migration rates* reduce incrementally with successive increase in *settlement size*.

populations of many small and intermediate Africa towns are growing at comparatively higher than those of the major urban centres – a clear allusion to the onset of PR (Holm 1992: 240-41; Pedersen 1997: 2). In Nigeria, for instance, Chukwuezi (2001) has observed the investment activities and contribution to small town/rural development by return migrant-traders in his Osumenyi, Anambra State case study. Just like migration, urbanisation also has local, national, regional, and global contexts and dimensions.

2.2.2.3 Theory of Urban System Hierarchy

The conceptualisation of urban system arose out the need by geographers to evolve a logical, rather than an intuitive, explanation for the existence of different sizes of urban centres (Berry & Garrison 1954). The idea of urban system hierarchy derives principally from the the Central Place Theory of Christaller (1966) and Lösch (1954), which propagated that settlements in a given locality or region tend to vary hierarchically based on their population and function rankings. [For more details on levels and dynamics of exchange, refer to *Subsection 2.1.1.1*]. The tendency is such that higher-order settlements occupy more central locations and retain more complex functions than lower-order ones explaining why for any country, region or the world there are very few large cities and greater number of smaller cities and settlements (towns, villages, and hamlet). Often, the size of the distribution follows the rank-size rule or distribution, which implies that in a given place plotting the natural logarithms of city ranks and their respective population, will produce a log-linear slope (Berry & Garrison 1954; Krugman 1996).

This theory has been applied with success size at national, regional, and global levels not only to explain differentials in city or settlement sizes but also to describe the inherent inter-city relations and networks. We have come to know that these flows and links characterised by people, capital, commodities, services, and information define the core and periphery regions

within zone in question (Friedmann and Wolff 1982; Graham 1998; Geyer 2006). But there is an interesting geo-political dimension to this global economic.

2.2.2.4 *Urbanisation and the Marxist Dependency Theory: Any Link to Urban Informality?*

Along with this shift in modernisation paradigm came a rival argument founded on extrinsic rather than intrinsic rationale of underdevelopment, even though a balanced assessment would show that both views hold sway in reality. Castells' (1977) *urban question* blazed the trail for the Marxist *dependency theory* of urbanisation. By interpreting the deprecatory urban outcome envisaged under *over-urbanization* as a spatial cognate of socio-economic domination and dependency on the West, he defined the central core of this school of thought (see Kentor 1981; Walton 1981; Chase-Dunn 1984; Timberlake 1985, 1987; Smith 1987; London & Smith 1988). In essence, London & Smith (1988: 455, *italic in the original*) clarified that “*both over-urbanization and economic stagnation result from dependent status in the world-economy, and that, therefore, it is misleading to conceptualize stagnation as the outcome of only demographic inequality.*” Clark (1998: 88) seems to clarify this position and attachment to the world-system principle of Wallerstein (1974) by his theory of *interdependent* urbanisation, to wit that:

“...urban development, wherever it occurs, is one of the spatial out-comes of capitalism. When seen from the developing world, most recent urbanisation appears to be 'dependent', in the sense that it is introduced or imposed by the developed world. From a global perspective, however, all urbanization can be held to be interdependent in that it stems centrally from capitalism and its spatial relations.”

Ostensibly, this structural view based on core-periphery driven space economy feeds into the contemporary globalization and world city research (Beaverstock, Smith & Taylor 1999; Taylor 2000), international division of labour (Sassen 1994), as well as the local-national-international embeddedness of urban economic activities – the propitious link to informality that is often neglected in globalisation research (Teltscher 1994).

Despite the merits of this structural view in our understanding of the deprecatory role of global capitalism in developing-country urbanisation, this ‘interdependency theory of global urban development’ has a number of shortcomings. Clark (1998: 88-89) has outlined four major grounds of criticism, and they include: (i) the adduced connection between capitalism and urbanisation is based more on association than causal linkages; (ii) the incongruity or oversimplification of interpreting urbanisation in both developed and developing world as a product of the very same process; (iii) the tendency to overlook or undervalue the ‘rich traditions of urban development’ in non-Western societies with non-capitalist systems; and (iv) the fact that the viewpoint encompasses a generalised view of the obvious since both capitalism and urbanisation are ubiquitous phenomena. Furthermore, as earlier stated, internal structural factors (not just external ones as adduced by the Marxist *dependency theory*) also account for underdevelopment. This is in view of the fact that it is actually the combined responsibility of individuals, groups and institutionalised groups such as governments to be competitive enough to survive in a global economy. Even the globalization and world city research is admmissive of the fact that urban competitiveness plays a key role in national and international development (see Beaverstock, Smith & Taylor 1999; Taylor 2000; Onyebueke 2011 for example).

Given that globalisation and free market-motivated transformations impinge on urban space economy (Korff 1987; Teltscher 1994; Chakravorty 2000; Meagher 2008: 4), let us scrutinise some of their visible footprints on urban growth/structural dynamics.

2.2.3 Urban Growth Dynamics: Urban Sprawl and City Formation

Although, it is often mediated by historic issues, topography, urban planning, and public policy, the morphology and growth dynamics of urban areas are basically a factor of employment generation, and population agglomeration/urbanisation. Sprawl or urban expansion is one direct outcome of rapid urbanization that is “the straggling expansion of an urban or industrial area”

(Thompson 1995: 1347), a phenomenon that is today a subject of heated debates among planners, architects, environmental activists and politicians. In reality, it is a multifarious spatial-demographic phenomenon that incorporates the rate of population growth (Barnes et al. 2001), urban expansion beyond the urban-rural fringes, in addition to the associated pattern, process, and cause-consequence question (Brueckner & Fanster 1983; Lowry 1988; Galster et al. 2001; Hasse & Lathrop, 2003). Hence, Galster et al. (2001: 685) defined urban sprawl as:

“a pattern of land use in a UA [urban area] that exhibits low levels of some combination of eight distinct dimensions: density, continuity, concentration, clustering, centrality, nuclearity, mixed uses, and proximity.”

Following from this broad both pattern-process perspective, Angel et al (2010) have distinguished its five principal elements of urban sprawl – expansion, decongestion, suburbanization, fragmentation, and dispersion – that have characterized the diverse conception (its meaning, causes and consequences) of the phenomenon depending on the scale, unit of analysis, and ideology of the proponent.

From an urban form perspective, three main types of sprawls are distinguishable, namely: *low-density continuous sprawl*, *ribbon sprawl*, and *leapfrog development sprawl* (Harvey & Clark 1971; Angel et al. 2010 for example). First, *low-density continuous sprawl* is the archetypal encroachment of adjoining rural lands beyond the rural-urban fringes. This contiguous sprawl is often induced by piecemeal or incremental extensions of basic urban infrastructures such as water reticulation, sewer and power lines, as well as roads. Second, *ribbon sprawl* signifies situations where development progresses from the urban core outwards into the hinterlands in a ‘ribbon’ format along transportation arteries. In many cases, this pattern represents the inception stages of settlements, when development is restricted to land adjoining major arterial corridors, leaving the less accessible intervening spaces in rural or near-rural setting. Third, *leapfrog development sprawl* signifies a discontinuous pattern of urbanization, in

which extended fragments of undeveloped lands interspaced recognized urbanized areas. This *non-contiguous sprawl* could either be caused by natural barriers (water bodies, wetland, highlands, gullies, etc.) or man-made barriers (restrictive land use policies and brown-fields in abandoned urban patches, or a combination of both factors (see Barnes et al. 2001: 14). Satellite images taken between 1990 and 2000 for a global sample of 120 cities have shown that whereas developing-country cities conform mostly to *ribbon sprawl*, developed-country cities are more amenable to *leapfrog development sprawl* (Angel et al. 2010: 78).

This recent empirical correlation between developing-country cities and development along transportation arteries (or *ribbon sprawl*) is very revealing. Geographers like Berry (1959) had long-established the conformity of commercial activities to this kind of ribbon pattern in early American cities. Moreover, *ribbon sprawl* in developing countries has to do with types of goods (markets), logistics and the abilities of people to obtain and transport goods, whilst at the same time it plays a critical role in differences in rank-size proportions in developed and developing countries (Geyer 2012, pers com). Does it mean that informality is visibly etched into the city fabric? The significance of urban sprawl to the subject matter is examined further in its converse idea/occurrence – the compact city.

2.2.3.1 Compact City versus Diffused (or Sprawling) City

Cities are quite diverse and can be classified in various ways depending on whether the emphasis is physical, economic, political or socio-cultural. This is a long established Social Science tradition passed on to Urban Studies. Hoselitz's (1955) well-known 'generative city' and 'parasitic city' nomenclature attempted to categorise cities in a specified urban system based on their respective degrees of economic productivity and dependence. In other cases, nomenclatures have been based on among other features like: (i) the characteristics of the city centre or core – *monocentric city* versus *polycentric city* (Mills 1981; Verhoef 2005 for example); (ii) extent of formality or informality – *formal city* versus *informal city* (UN-Habitat

1996; Hansen & Vaa 2004); (iii) degree of amenability to planning policy (for example, city decentralisation plan) – *laissez-faire city* versus *planned city* (Annas 1992; Vojnovic 2003); and (iv) *compact city* versus *sprawling city* (Ciscel 2001; Turok & Watson 2001; Rosenfeld et al. 2008)¹⁹

Although smart growth/compact city idea was developed in the context of developed (country) cities, its application to cities of developing countries has been variously advocated. One, it is supported by Rosenfeld et al. (2008) who have established a strong correlation between compactness and more efficient social service delivery in their Buenos Aires (Argentina) case study. Two, other developing-country adherents of compact city model include Turok & Watson (2001) who have believe that compliance to urban growth boundary (UGB) in Cape Town, South Africa, helps to avert ‘a range of individual and public costs’. Three, Arku (2009: 267) on his part, sees the compact city as a solution to the “unchecked outward urban expansion...loss of irreplaceable natural resources and an increase in air pollution and traffic congestion” in African cities. Essentially, these arguments point to the need to rein development with the urban edge or the UGB. There are three important reasons why the issue of urban sprawl and city form is relevant to the current study of informal/formal sector-mediated *urban economic space*. They include: (i) the fact that Berry (1959) had previously linked the first two sprawl typologies to retail commercial conformations in early 20th Century American cities; (ii) the correspondence of *low-density continuous/ribbon sprawl* with developing-country cities – as against the predominance of *leapfrog development sprawl* in developed-country cities – (Angel et al. 2010: 78) raises questions regarding the extent informality contributes to ascribed urban forms; and as a complement of the former (iii) the recent evidence of ‘peripherisation’ or growth of informal settlements at the fringes of major

¹⁹ Sometimes these demarcations either overlap or are denoted with coterminous phrases. For example, *compact city* is often used interchangeably with ‘*smart growth*’ city on the one hand, and *sprawled city* with *sprawling city* on the other. Moreover, Vojnovik (2003) used *laissez-faire city* to denote *sprawled or sprawling city* (Ciscel 2001). Turok and Watson (2001) called it *divergent development*, while Rosenfeld et al. (2008) prefer the term *diffuse(d) city*.

urban centres in developing countries (UN-Habitat 2008: 11). In Nigeria, for instance this suburbanisation of informal settlements also incorporates a number of middle- and high-income residential subdivisions (Owei & Ikpoki 2006; Ikejiofor 2006, 2009). Furthermore, the affinity between sprawl and informality cannot be overemphasised as Turok and Watson (2001, *original emphasis*) has succinctly explained:

“(O)ne of the most serious impacts of divergent urban growth is the amount of money *individual consumers* have to spend on travel. A burden of high transportation costs is placed on the poorest households, which erodes their already inadequate disposable incomes. At worst it traps them within their own residential areas, with little alternative other than the informal sector as a source of livelihood.”

We can therefore deduce from the ongoing that informality is visibly etched into the city fabric though to a considerable extent these autochthonous or intrinsic attributes in proportions that go largely unacknowledged (or under-acknowledged?) by contemporary Western readings and concepts of urban forms (see Santos 1979; Harrison 2006; Watson 2009a). Given this to be true, can some of these, so to speak, unaccounted-for spatial phenomena be simulated by default or chance in space and design-based studies?

2.2.4 Measurement and Representation of Spatial Phenomena

Several dimensions of these measurements and representations are possible but they fall roughly into two major categories: *structural analysis* – depicting geographies or patterns of entities; and *system analysis* – representing dynamic systems from simple predetermined activities to complex indeterminate ones (see Boulding 1956 for example). We shall discuss these undertakings under two sub-headings: Structural Analysis and the Geography of the City and Spatial Economic Phenomena: From System Theory to Complexity Theory.

2.2.4.1 Structural Analysis and the Geography of the City

Spatial-economic elements such as industries, corporations, and firms are identifiable components of urban and rural spaces, which do retain intermingling fields of influence (Myint 2008). The way and manner in which these elements interrelate or/and interact – often evinced by the nature of their agglomeration and dispersion – are ensconced in the so-called Waldo Tobler's first law of geography, to wit that: "everything is related to everything else, but near things are more related than distant things" (Tobler 1970). In fact, the contemporary validity and relevance of this generalised theory of spatial elements even in 'a shrinking and fragmenting world' have been explored (Miller 2004: 286; Sui 2004). Miller (2004: 284) believes that Tobler's first law (TFL) is "at the core of spatial autocorrelation statistics, that is, quantitative techniques for analyzing correlation relative to distance or connectivity relationships." After weighing the contending views about TFL, Sui (2004) perceives it more as an 'inspiring concept' notwithstanding that has both impelled and illuminated geographical thoughts and practices.

Over the years, geographers and economists have attempted to simulate geographic elements or entities. They are often represented in form of lattice data (denoted in lines), geo-statistical data (polygons), and point patterns (points) (Cressie 1991; Anselin 1992). The scope of reference or conformations may vary from micro-level, meso-level to macro-level. Several traditional techniques as the Location Quotient (LQ), Coefficient of Localization (CL), Coefficient of Net Shift (CNS), Index of Dissimilarity (ID), and Index of Segregation (IS) dominated the analysis of spatial features up till the 1980s and 1990s. The two concepts (LQ, CL) are indices of spatial concentration over time, the third (CNS) measures changes in spatial concentration, while the latter two (IS and ID) are indices of distribution or dispersion which are more applicable to studies on racial and occupational segregation (Short 1980; Sakoda 1981). The Location Quotient (LQ) measures the share of a place or sub-region in industrial

distribution relative to the regional average while the Coefficient of Localization (CL) compares the individual shares of all the sub-regions in a particular type of industrial activity (Short, 1980). An LQ-coefficient of one (1) represents the average or optimal degree of industrial concentration in the region under review; less than one (<1) signifies less than desirable or fair share, while greater than one (>1) confirms the converse. The CL-coefficient, on the other hand, ranges from zero (0) to one (1). A CL-coefficient of zero (0) indicates that a specified industrial activity's share of a particular sub-region tallies with its share of other types of industrial activities (in other words, there is no noticeable concentration of the industrial activity in question); but the concentration of this particular industrial activity increases relative to other industrial-activity types as the CL-coefficient approaches unity (i.e., one).

Based on these two measures or metrics (LQ and CL), urban geographers are able to determine not just sub-regional industrial clusters but also particular convergences of different industrial-activity types. Another measure of spatial uniformity developed by Clark & Evans (1954) is the Nearest Neighbour Analysis (NNA). The NNA enables geographers to measure the extent of uniformity or non-uniformity of dot- or point-patterns by means of an *Rn-Index*. This score ranges from zero (0) for an ideal cluster pattern to a maximum of 2.15 for an ideal uniform pattern (Fig. 2.5).

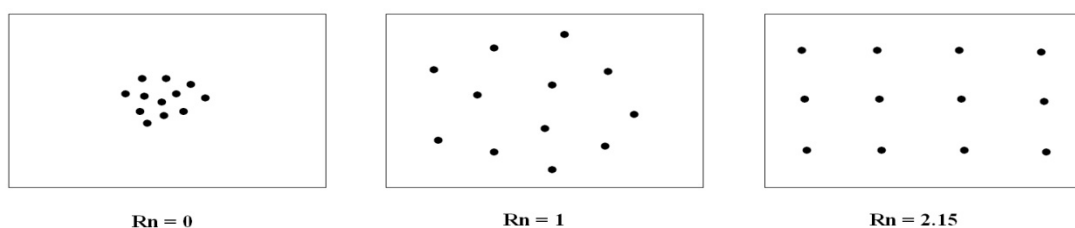


Figure 2.5: Spatial point patterns of clustered ($R_n=0$), random ($R_n=1$) and perfectly uniform ($R_n=2.15$) distributions of spatial features (Source: Garner 1967: 310).

By implication, it is practicable to simulate the pattern or geography of formal and informal components, or what Santos (1979) had correspondingly termed 'upper circuit' and

'lower circuit', of this *urban economic space* (refer also to Sanders 1987). Whether in form of coefficients, real numbers or point patterns, these spatial representations constitute a basis for comparison between diverse land-use or activity categories, different zones with a city, as well as between cities, localities or regions (Illian et al. 2008). With greater global awareness of the informal economy, a few studies have focused on how the activity pattern(s) of informal businesses activities vary between regions (see Button 1984; Van Geuns, Mevissen & Renooy 1987; William & Windebank 1994) and countries (see Pahl 1989; Barthelemy et al. 1987) in Europe. Kesteloot and Meert (1999) have led the way by mapping the geography of informal activities in Belgium with the intent of unravelling their 'spatial logic', which is essentially a contemporary resonance of Tobler's (1970) 'first law of geography'. By questioning the rationality of dismissing phenomena or events (in their justification of complexity theory in *space and place-based studies*) "as artefacts because they are not accommodated by the theoretical framework being used", Manson and O'Sullivan (2006: 686) have unintentionally applauded these set of studies that treat the *urban economic space* as a product of both the formal sector/higher circuit and informal sector/lower circuit. Fortunately, with the aid of the *spatial data statistics* tools of ESRI (Environmental Systems Research Institute Incorporated) ArcGIS software, a number of useful indices can be obtained (as we shall see in Chapter 4).

2.2.4.2 Spatial Economic Phenomena: From System Theory to Complexity Theory

Recently, Geyer (2002: 5) reiterated the basic criticism of the Central Place Theory as "as a static representation of a dynamic phenomenon", a limitation that has propelled successive attempts at the dynamic elements of urban systems. But it is important to note that even complexity theory also substantiates the value of geographic context since "a system's growth and development is sensitive to the pattern and intensity of local interactions" (Miller 2004: 287-288). Complex approaches that simulate intricate realities have evolved from *general*

system theory to *complexity theory*. Price (1997: 10) compares these two simulation techniques by proffering that:

“General systems theory focuses on the totality rather than its constituent parts. Thus, it adheres to the holism in the conventional sense of the word. Complexity theory views this type of holism as just as problematic as the reductionism it nominally opposes—the conventional theory holism is reductionism to the whole. Holism typically overlooks the interactions and the organization, whereas complexity theory pays attention to them”.

In as much as both theories try to evaluate collective tendencies or behaviours of interacting elements or entities in any system (be it spatial, ecological, organisational, etc.), there are however clear distinctions between the two as Table 2.1 has shown. Complexity theory, like its predecessor-model the *general systems theory* developed by Von Bertalanffy (1955, 1968), has been applied in numerous disciplines of science, social science, and organisational management. The *chaos theory* and its momentous version, the *catastrophe theory*, are a part of complexity theory or science that Manson (2001:405) classified as ‘deter-

Table 2.1: Distinctions between the general systems theory and Complexity theory

General Systems Theory	Complexity Theory
Deals with phenomena or static entities or characterised by <i>linear relationships</i> .	Deals with dynamic entities or phenomena characterised by <i>non-linear relationships</i> .
Emphasises quantities and not necessarily qualitative characteristics of phenomena.	Emphasises both quantities and qualitative characteristics of phenomena.
Static in nature: concerns analysis of complex phenomena that support simplification and parameterisation epitomised by presumed equilibrium points or stages.	Dynamic in nature: concerns analysis of complex phenomena and how they emerge from relatively simple local interactions between system elements over time.

Source: Devised from Manson (2001: 406).

ministic complexity’ (the other two being ‘Algorithmic complexity’ and ‘Aggregate complexity’); and they hypothesise that “the interaction of two or three key variables create

largely stable systems prone to sudden discontinuities.” This conception is synonymous with Kauffman’s notion of ‘living at the edge of chaos’ describing the circular order-disorder or certainty-uncertainty path of complex systems; in other words signifying either ‘order without predictability’ or ‘order that is invisible’ (Cartwright 1991: 44; Bretagnolle, Daudé & Pumain 2006). As far as urban land use patterning is concerned, application of *chaos theory* implies efforts to uncover the ‘simple and accessible rules’ in the local interacting elements or agents that gives rise to diverse fractal manifestations or *emergences* observable in reality (Cartwright 1990; Batty 1997; Parker et al. 2003; Manson & O’Sullivan 2006: 686; Bretagnolle, Daudé & Pumain 2006 for example). By implication, the cyclical phases of the *emergence* – stable equilibrium, periodic stability, and the chaotic motion – varies in tandem with recurrence of point, periodic, and strange attractors respectively (Thiéart & Forgues, 1995; Allen, 2001). By implication, the cyclical phases of the *emergence* – stable equilibrium, periodic stability, and the chaotic motion – varies in tandem with recurrence of point, periodic, and strange attractors respectively (Thiéart & Forgues 1995; Allen 2001). A simple illustration is shown in Figure 2.6.

The techniques have also been applied with success to the elaboration of urban form diversification (typically in fractal modes) and the associated design principles (Batty & Longley 1987, 1988, 1994; Batty 1997; Salingaros 1998, 2000, 2003). The focus of complexity/chaos theory on *emergence*, or emergent phenomena, makes it ‘a suitable theoretical and methodological framework’ for investigating not just fractal land use manifestations in cities but also what Goldstein (1999: 65) has described as “the ‘informal’ organization, i.e., spontaneously occurring organizational events, structures, processes, groups,

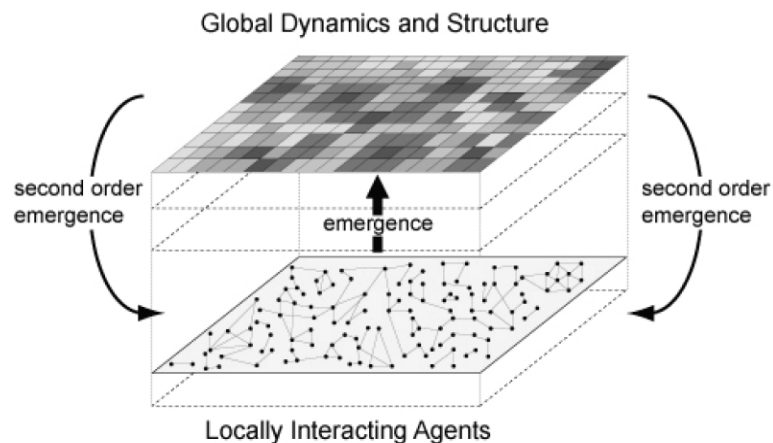


Figure 2.6: Multiple-agent systems showing emergent properties at the macro-level resulting from micro-level interactions (Source: Bretagnolle, Daudé & Pumain 2006: 19)

and leadership that occur outside of officially sanctioned channels.” Similarly, Atlan (1979, cited in Bretagnolle, Daudé & Pumain 2006: 2 *my translation*) had likened such indeterminate activities as having ‘*characteristic order without a known or discernable order*’. What do these analytical techniques hold in stock for us, especially in the light of simulating the basic dynamics of the urban *entrepreneurial landscape*?

2.2.5 Evaluating the ‘empirical terrain’ of informal and formal businesses: A Summary

For decades activity and land use systems have occupied the attentions of geography and a few social science scholars. Discrete objects and occurrences that might have passed for ‘contentless abstractions’ or chaos in the environment are known to possess multifarious and layered relationships (Garner 1967; Tobler 1970; Sayer 1984: 282; Geyer 2001; Miller 2004, for example). The economic activity sub-system, for instance, is not only a close correlate of the environmental and development sub-systems but it retains vertical relationships between the diverse activity layers and horizontal relationships across time period (Geyer 2001). Until recently, some of these principles and laws were not extended to the analysis of informality in the urban space despite the fact that Garner’s (1967: 304-305) basic laws of spatial location

(refer to *Sub-section 2.2.1.2*, page 40-41) have universal relevance and applicability. As a result, little (if any) consideration was made for the informal sector in early and contemporary urban theories until Milton Santos' two-circuit concept of urban land use in 1970 and its extension by Terrence McGee in 1973. Ever since, an 'emancipatory' approach to social science that promises to (re)trace the 'spatial logic of informality', to use Sanders' (1987) lexicon, has emerged, and scholars such as Kesteloot & Meert (1999), Dierwechter (2002), Roy & Al-Sayyad (2004), Kudva (2005), Brown (2006) and others are toeing this line. These new genres of scholarship are challenging accepted 'colonial' knowledge and are implicate in what Harrison (2006: 324) described as "recent shifts within Western critical theory (that) have prized open the space for rescuing and recognising secreted logics and forms of knowledge".

It is obvious from literature that socio-economic cum spatial processes of urban formation such as employment, migration, and urbanisation are not only mutual associated but that they are also useful in uncovering the roots of informality. To illustrate this point, we notice that it is the same productionism-oriented migration impelling young well-educated people to the cities that also pushes low-skilled people (and others with no skills at all), even though they nearly always end up at different ends of the labour market. Over time, the mainstream and sub-stream migration flows go to determine the type and form of urbanisation – the rank size distribution in the urban system, the degree of sprawl or compactness, and their respective economic support structures. The Marxist dependency theory offers a globalisation explanation for most of these dynamics that are etching visible footprints of informality into the African urban fabric. In the face of this reality, especially with the recent progress made in complexity or chaos theory and GIS, it is possible to empirically simulate emergent phenomena or what Goldstein (1999: 65) described as "the 'informal' organization, i.e., spontaneously occurring organizational events, structures, processes, groups, and leadership that occur outside of officially sanctioned channels." Therefore, we can affirm that even if the spatial-structural

phenomena under consideration (the spatial and structural relationships between informal and formal sector businesses) do incorporate dimensions of informality, they are still within the confines of what chaos theory and spatial statistics software like the ArcGIS can handle (see Scott & Janikas 2010).

This Chapter has attempted a theoretical evaluation of the basic socio-economic processes at play in land use structuring and urban form dynamics, and how employed by theorists and ideologues of different persuasions have sought to interpret these urban economic phenomena. At least, four clear facts have emanated from this discourse, and they include: (i) urban activity systems are multifaceted and layered structures (Chapin & Kaiser 1979; Geyer 2001); (ii) the diverse conceptualisation of employment and urbanisation do explain the foundation and dynamics of economic and urban informality; (iii) all through the pre-modern and modern epochs of social science, the theories of urban form and activity systems omitted any hints of informality until the post-modern period characterised by the *emancipatory approach* of which the Santos-McGee paradigm is one of its conspicuous strands; and (iv) like its obverse, informal activity systems are also space-denominated (refer to Garner 1967) and can equally be empirically simulated and measured. In the next Chapter, we shall explore the numerous dimensions of informal-formal interactions in literature and how these can impinge on the configuration of the contemporary *urban economic space*. Such linkages or relationships are very imperative not just for the reason that the investigation is centred on the spatial and structural relationships between informal and formal business sectors in Nigeria; but also because they constitute the core factor in the growth prospects of the informal sector in particular and the development trajectory in business formation in general.

CHAPTER 3: INFORMAL-FORMAL LINKAGES AND URBAN ECONOMIC SPACE IN LITERATURE

Thus if we think about the world in terms of a “formal” and an “informal” sector we will be glossing over the linkages which are critical for a working policy, and which constitute the most difficult elements politically in policy development (Peattie, 1987:858).

This chapter reviews the accruing corpus of scholarship on the spatial and structural linkages between informal and formal business sectors, and how these dynamics are shaping the *urban business space or landscape* in different national contexts with emphasis on Nigeria. In order to achieve this target, the Chapter is partitioned into two broad sections, namely: the epistemology of the informal-formal sector linkages and international experiences of informal-formal sector linkages. First, the thematic dialogues on the definition/delineation and epistemological development of the formal-informal dichotomy are reviewed. Second, the comparative analysis of the contemporary realities of the informal sector and its relationships with the formal sector in selected developing and developed countries. A summary segment at the end synthesises the important lessons in the Chapter.

3.1 THE EPISTEMOLOGY OF THE INFORMAL-FORMAL SECTOR LINKAGES

Here, we shall discuss this section under four subsections, viz: origin and rationale of the dualistic economic theory, origin and rationale of the informal sector concept, concept definition/delineation, concept of informal-formal sector continuum, and dimensions of informal and formal sector linkages.

3.1.1 Origin and Rationale of the Dualistic Economic Theory

The formal/informal sector dichotomy is the latest off-shoot of the dualistic economic model introduced by a British urban anthropologist, Keith Hart, in the early 1970s. Models of economic duality date back to the pioneering works of Boeke (1942, 1961), Furnival (1939,

1941), and Lewis (1954) on the apparent economic and socio-cultural binaries in the under-developed regions of the world due to the inherent conflict between the foreign-driven and market-oriented modern sector, and the indigenous and labour-intensive traditional sector. Judging from the barrage of criticisms for a concept once dismissed as a rudimentary theoretical construct with many ‘errors, inconsistencies and blind spots’ (Bromley 1978: 1036), hardly anyone would have predicted the extent of recognition, epistemological development, and policy relevance the informal sector concept has attained today. Though the reification and marketing efforts of International Labour Office (ILO), other multilateral agencies, and key research institutions²⁰ were implicated in this elevation, the concept has however transformed into a useful analytical tool in academic and development circles, albeit with further modifications and elucidation (Peattie 1987: 857; Rakowski 1994; Chen 2007).

Perhaps in an apparent evidence of the informal sector as ‘an exceedingly fuzzy concept’ (Peattie 1987: 857; Mead & Morrisson 1996), three dominant schools of thought are discernable, and they include: the dualists, structuralists, and the legalists (see Chen, Jhavalala & Lund 2002; Hansen & Vaa 2004; Chen, Vanek & Heintz 2006 for example). *The dualistic perspective*, sometimes referred to as the ILO-PREALC approach (Rakowski 1994: 502), is popularized in the early 1970s by the two organizations – International Labour Organization (ILO) and the Latin American policy think tank PREALC (*Programa de Recuperación de Empleo en América Latina y el Caribe*) or Regional Employment Program for Latin America and the Caribbean. It espouses a binary or dual idea of the economy with implicit distinction and lack of direct links between the informal sector, on the one hand, and formal sectors and the formal regulatory environment, on the other hand (see ILO 1972; Hart 1973; Sethuraman 1976; Tokman 1978; Chen, Jhavalala & Lund 2002: 6). *The structural perspective* which took root in the late 1970s and 1980s is credited to the key contributions of Moser (1978) and Castells &

²⁰ Bromley (1978) also listed the strong ideological backing of the concept by the Institute of Development Studies, University of Sussex, the Massachusetts Institute of Technology, and the Harvard University. In addition, he noted the much more subtle support of the World Bank and United Nations.

Portes (1989) to the informal sector debate. The structuralists, as the opponents of this view are often called, espouse the dependency and world-systems perspective, and contend that the informal sector or economy as “a major structural feature of society, both in industrialized and less developed countries” (Portes et al. 1989: 1). Consequently, informal business units and workers reveal the ‘underside of broader structures’ in effects of multinational corporations to increase their competitiveness by reducing input and labour cost (Moser 1978; Castells & Portes 1989). Lastly, the *legalist perspective* of the informal sector was popularised in the 1980s and 1990s by the renowned economist and his colleagues of the *Instituto Libertad y Democracia (ILD)* or Institute for Liberty and Democracy in Lima (Peru). Here informality is conceived as a consequence of the prohibitive transaction cost (in time, money, and effort) of formal registration; and that in the same way, cost of legality exemplified by lack of property rights transform tend to stifle and devalue the assets of the poor – dead capital (de Soto 1989, 2000).

Like Rakowski (1994), Williams & Round (2007a: 432-436) have attempted to fit these ideas into four camps based on a further elaboration of their linkages with the formal sector. They illustrated their classification by including respective lists of adherents to the various viewpoints, viz:

- i *the residual thesis* that portray the informal sector as the vestiges or remains of the pre-capitalist era (Boeke 1942; Lewis 1954, 1959; Geetz 1963; Mazumdar 1975; William & Windebank 1995, 1998; Fernandez-Kelly 2006);
- ii *the offshoot or by-product argument* that sees the informal sector as “a core and integral component of contemporary capitalism” (Stuart 1987; Castells & Portes 1989; Portes 1994; Sassen 1994, 1997; Gallin, 2001; Amin et al. 2002; Hudson 2005);
- iii *an ‘other path’ or alternative to the formal sector*, particularly where workers “find more autonomy, flexibility and freedom in this sector than in the formal one” (Cross 2000; Gerxhani 2004: 274; Maloney 2004; Synder 2004); and

- iv *a complement to the formal sector* – a converse of the former – which presupposes that the two sector work harmoniously together (Giddens 1998; Beck 2000; Williams & Windebank 2003; William 2006).

Notwithstanding the intrinsic (size and product) heterogeneity of informal sector businesses coupled with terminological ambiguities (see Table 3.1) and apparent ideological partitions, Collins William and John Round favour a collective interpretation that refrain from perceiving these ideas as contradictory but “as valid depictions of particular types of work which need to be integrated together to achieve a finer-grained and fuller understanding of the diverse nature of the informal economy” (Williams & Round 2007a: 436). This proposal has its antecedents in both the ‘commonsense know

Table 3.1: Terminologies for the Informal Sector

<i>Informal sector</i>	<i>Informal economy</i>
Hot sun sector	Concealed economy
Irregular sector	Extralegal economy
Marginal sector	Grey economy
Moonlight activities	Informal economy
Informality	Invisible economy
Informalisation	Parallel economy
Micro-enterprises	Second economy
Self-employed	Shadow economy
Informal income opportunities	Underground economy
Petite production marchande	Unobserved and unregistered economy

Source: Fransen and Van Dijk (2008: 2)

-ledge’ reading of this phenomenon cum process that tend to amplify its national and local contexts (Portes et al. 1989; King 1996, Mead & Morrisson 1996; Daza 2005). According to Daza (2005: 7):

“Attempts to define it from economic, sociological or legal standpoints or by the use of quantitative (measure of scale) or qualitative methods, have not replaced the popular perception of informality. People know informality from their own national perspective and personal experience, both of which are influenced by the cause of informality and its obvious manifestations.”

In Nigeria, the close association of the informal sector with the *traditional sector* is said to be “metaphoric of *old wine in a new wineskin* since ‘informality’ research predates the concept in the country” (Onyebueke and Geyer 2011: 71). In a way, the national perception of the informal sector can be said to oscillate between the four-point ideology of Williams’ and Round’s (2007a: 432-436). Though the dominant position on informal and formal sector relationship rests upon the idea of *complementarity*, it sometimes masks some underlying elements of *conflictuality*. It is essential to distinguish areas of potential conflicts and contradictions in order to make necessary policy specifications.

3.1.2 Concept, Definition and Delineation

Despite recent advances in informality studies, the definition/delineation of informal sector concept is still embroiled in controversies. Typically, informal-formal sector delineation is based on certain criteria like mode of production, nature of organisation, and scale of activities. The ILO (1972) document, or the Kenyan Report as it was also called, became the very first comprehensive attempt to distinguish the two sectors based on *enterprise characteristics*. It perceived the informal sector as being characterised by the following: ease of entry and exit; reliance on indigenous resources; family ownership of business; small scale of operation; labour-intensive and adapted technology; education and skill acquired outside the school system; unregulated and competitive market; and lack of legal or government recognition. The formal sector, on the other hand, is demarcated by an obverse of the above-mentioned characteristics. In summarizing this ILO’s multi-criteria characterization, Sethuraman (1981: 17) came up with the definition of informal sector as:

“...small-scale units engaged in the production and distribution of goods and services with the primary objective of generating employment and incomes to their participants notwithstanding the constraints on capital, both physical and human, and knowhow.”

Ever since the ILO's World Employment Programme (WEP) studies of the 1970s that covered a number of major cities in developing countries (such as Calcutta, Jakarta, Sao Paulo, Abidjan, Bogota, Lagos, etc.), economists, statisticians; and much later, national accountants have been clamouring for a more clear-cut definition/delineation and accurate size determination. The surveys adopted a statistical criterion for delineating informal enterprises from formal firms by establishing an upper limit or cut-off point of the number of full-time employees. This upper limit is predicated on national employment peculiarities but the figures of five (5) and ten (10) full-time workers or less commonly used depending on the country in question, whereas the former upper limit of five workers or less was adopted in the Cordoba (Argentina) and Belo Horizonte (Brazil) studies, the latter was used for the Manila (Philippines) and Campinas (Brazil) studies for example. This effort to go the subjective characterisation of the informal sector stems, first and foremost, from the recognition of the sector as a veritable component of the labour force and economy since size determination has far reaching significance for: (i) widening the national tax base; (ii) determining the number of people without social security cover in a country or the national social security burden; (iii) highlights the scale of poor working conditions (Henley et al. 2008: 992-993). Moreover, the ILO think-tank, the Expert Group on Informal Sector Statistics (EGISS), has over the years systemised the system of national accounting towards a more accurate and equitable determination of the country-GDPs since it is the basis for deciding fiscal contracts and obligations to global causes between nation-states (Charmes 2000).

Major revisions in the definition/delineation of the informal sector have been induced for theoretical, analytical, as well as empirical reasons. The ILO under the aegis of the Expert Group on Informal Sector Statistics (or the Delhi Group of Labour Statisticians since 1997), the prime motivator of many of these changes, has emphasized the need to obtain an internationally accepted definition to enable the separation and measurement of the contribution of the informal sector to the gross domestic product, GDP (Husmanns 2004). Two distinct changes in definition consist in the shift from the characteristics of the ‘informal sector’ production unit (enterprise approach) adopted in 1993 at the 15th *International Conference of Labour Statisticians* (ICLS) to the ‘informal economy’ endorsed in 2002 by the 17th ICLS. By this resolution, the Delhi Group meant to unite under a single umbrella terminology of ‘informal economy’ the two aspects of global informalisation process – employment in the informal sector (common in developing countries) and informal employment arrangements in the formal sector (common in developed countries). Thus, equating informal economy to “all economic activities by workers and economic units that are – in law or in practice – not covered or insufficiently covered by formal arrangements” (Husmanns 2004: 1). In any case, such boundaries of legitimacy and illegitimacy vary across countries and culture, and like all social constructs, they tend to be fluid and expandable. Van Schendel’s (2006) illustration of this fundamental socio-cultural dynamics is presented in Table 4.2.

Table 3.2: Legal versus Illegal and Licit versus Illicit Attributes of Informality

Status	Legal	Illegal
Licit	Formal Sector	Informal Sector
Illicit	Socially unaccepted aspects of the formal sector	Criminal Sector

Source: Fransen & van Dijk 2008:3

Owing to the wide heterogeneity of size and product in the informal sector, it is often essential to distinguish the diverse associated micro and small businesses in order to make sense

of the pile. Ranis and Stewart (1999) have made a distinction between informal businesses with very little capital and labour base operating in low value-added economic activities like small-scale artisanal production, retail sales, and personal services – the *traditional informal sector*, and other more dynamic ones with added capital and labour capabilities – the *modern informal sector*. It is noteworthy that another characteristic that distinguishes the two subsectors is that whereas the former (*traditional informal sector*) businesses are either household-bound premises or with no fixed location, the latter equivalent (*modern informal sector*) often tends to retain fixed locations normally outside household premises. Besides this traditional-modern bifurcation, there are also other classifications based on the motivation for informality.

Although they are quick to admit that such demarcations can be rather nuanced, Perry et al. (2007) however prefer to separate *exclusionary informality*, caused by mostly poverty from *voluntary informality*, which are motivated by *cost-avoidance* practices (see also Daza 2005; Fransen & van Dijk 2008). In her own classification, Harriss-White (2010: 171) highlights *small scale informality* (encompassing small businesses that fall ‘below the size threshold for taxation or labour regulation’) and *interstitial informal economy* (those informal activities that intersperse formal businesses or state bureaucracies). The continuation of ‘interstices of informality’ even within the exclusive ranks of the formal regulatory environment naturally lead us to probe further into the structure of *informal-formal sector continuum*, the basic concept of which was introduced in Chapter 1, sections 1.1 and 1.3.

3.1.3 Structure of Informal-Formal Sector Continuum

From the viewpoints of both the historical development of firms and their institutional substantiation (see Lomnitz 1988; North 1990; Casson, Giusta & Kambhampati 2010), all firms could be categorised along an informal-formal sector spectrum depending on the mode of organisation and operation. Conceivably, this concept emanated from a basic criticism of the informal-formal sector dichotomy that the nature of urban economy precludes any ‘visible

discontinuities' either in labour productivity or other structures across firms (Standing 1977; Sethuraman 1981: 17-20). Conceptually, advocates of the *continuum approach* or in Sethuraman's (1981) term, *urban continuum of enterprises* believe that firms do range from 100% informal to 100% formal outfit. Lund and Srinivas' (2001) cable car analogy is quite apt in understanding what may appear, all things being equal, to be sequences of transformation on the path to formality.

However, Geyer (1989, 2009) espouses a composite idea to the *continuum* thesis – which like the proponents of the informal-formal sector linkages such as Round, William & Rogers (2008) and Harriss-White (2010) – envisages a common interlocking platform for the two activity ranges. Under this consideration, Hermanus Geyer emphasises the value of the tactile space – the *urban economic space or landscape* – as an important and unifying element in this interaction. Others like Round William & Rogers (2008: 174) have focused on the non-tactile or abstract space of interpenetration and control between the two economic sectors. This is significant because different types of business environments tend to generate diverse outcomes of business organisation (Whitley 1992; Evans 1995). On the contrary, the analysis of John Round and colleagues centre on. They employed de Certeau's (1984) tactics of space acquisition and influence to examine the co-existence of informal practices “alongside formal practices in midst of a supposedly formalised space” in post-Soviet Ukraine. This refers to the exact phenomena of informal exchanges (reciprocity, patron-client, or market transactions) in formal systems that Lomnitz (1988) had earlier explored. More recently, notable informality scholars have increasingly recognised the ‘interstitial’ nature of *informal-formal continuum* in which “both the bureaucracy and its antithesis contain the formal/informal dialectic within themselves as well between them” (Harriss-White 2010; Hart 2005: 1).

Although this unfolding ideology of *informal-formal continuum* is yet to receive adequate empirical research attention, it promises to explain the structural (and perhaps, spatial)

dynamics in the evolution of contemporary businesses. A bold attempt at articulating some of these structural transformations and evolution of firms or business concerns is provided by Geyer (2009). Although this explanatory diagram (see Figure 3.1) was devised in the context of the South Africa *business environment*, its universal application is not in doubt. By synchronising diverse characteristics of firms (namely: size, class, type, sectoral reach, level of

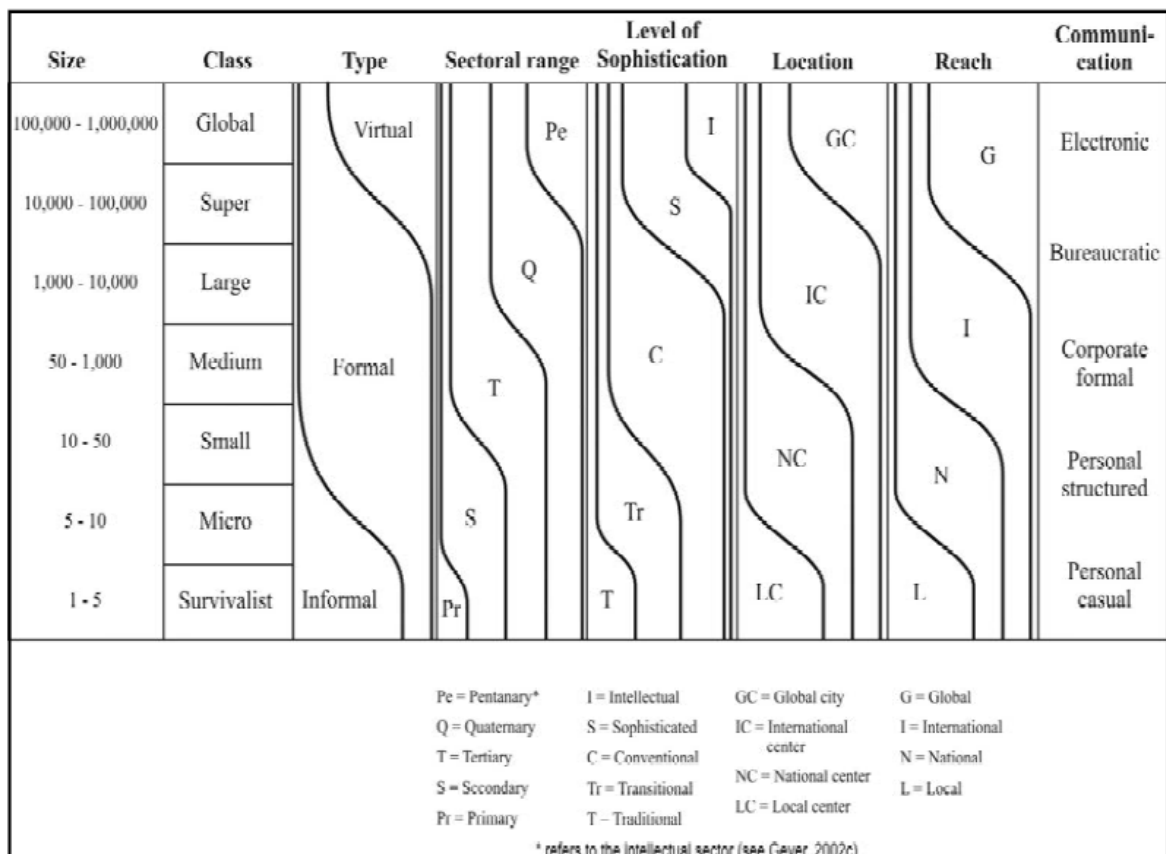


Figure 3.1: Anatomy of business sector (Source: Geyer 2009b: 31)

sophistication, location, geographical reach, and communication mode), Geyer’s studied illustration provides a concise and systemic template for exploring possible distinguishing features as businesses transit along the *informality-formality-virtuality* axis. A number of other useful inferences are adducible from the above diagram, and they include:

- i the size and class of businesses tend to compare with the level of their economic and organisational capacities (sectoral range, sophistication, location hierarchy, and reach) as well as the achievable communication mode;
- ii upward shifts in size and class of businesses tend to define their relative positions along a *informality-formality-virtuality* spectrum although “all informal manufacturing units may be small-scale industries but all small-scale units are not informal sector units” to borrow the apt allusion of Samal (1990: 1287) made in respect of Indian businesses; and as a consequence
- iii a clear portrayal that most times no firm or business is wholly formal, informal, or virtual.

These postulations are in agreement with the conclusion of Blunch, Canagarajah & Raju (2001: 19) that “there is actually a continuum of informality among enterprises. Some are more formal than others. The theoretical artefact of a dichotomous classification has proven to be far from reality.” Moreover under the current neoliberal globalisation, not only are large multinational firms consolidating their global reach through subsidiaries global, national, and a few local cities, this global-reach opportunity structure is also opening for a few survivalist enterprises and some dynamic small-medium scale enterprises (see Nanavaty 2005 for example). The sectoral reach and sophistication of modern firms have also become more diffused under globalisation. The utilisation of information communication technologies (ICTs) in the informal sector (Lugo & Sampson 2008) coupled with the rise of the intellectual sector (also known as the *pentanary* or *fifth economic sector* is irreversibly changing the size, class, type and location frontiers of modern businesses and consequently their levels of sophistication and global reach (Geyer 2002: 45-49; 68-70). Some of these global-local exchanges are also visible in outsourcing, commodity value chains, and the *non-traditional agricultural exports* (NTAE) transactions in many developing countries (Carr & Chen 2001; Chen 2007).

Beyond question, the contemporary urban *economic space* is both complex and highly intertwined. Efforts that gloss-over informal-formal sector linkages not only present (as mentioned earlier) a partial account of the economy but invariably often lead to policy insolvency. The obvious snag here is that though these inter-sector linkages have a deep theoretical underpinning, the policy application component has remained rather shallow and dormant (Peattie 1987: 858, *the opening quotation*; Blunch, Canagarajah & Raju 2001: 18; Chen 2007). Incidentally, the Nigerian case scenario reveals similar contradictory features (refer to Chapter Four, Sections 4.3 and 4.4), which the current study aims to emphasize.

3.1.4 Dimensions of Informal and Formal Sectors Linkages

Right from the early conceptualisation of the informal sector, the issue of its linkages or relationships with the rest of the economy has been hotly debated. In fact, the major ideological blocs – the dualists, structuralists, and legalist – in the concept are predicated on how these relationships are interpreted and their respective policy implications (Chen, Jhavala & Lund 2002; Chen 2007). Perhaps, an elaboration of these diverse interpretations is imperative. According to Chen (2007: 6-7):

“The dualists argue that informal units and activities have few (if any) linkages to the formal economy but, rather, operate as a distinct separate sector of the economy; and that informal workers comprise the less-advantaged sector of a dualistic labour market. Unlike the dualists, structuralists see the informal and formal economies as intrinsically linked. To increase competitiveness, capitalist firms in the formal economy are seen to reduce their input costs, including labour costs, by promoting informal production and employment relationships with subordinated economic units and workers. According to structuralists, both informal enterprises and informal wage workers are subordinated to the interests of capitalist development, providing cheap goods and services. The legalists focus on the relationship between informal entrepreneurs/enterprises and the formal regulatory environment, not formal firms. But they acknowledge that capitalist interests—what Hernando de

Soto calls ‘mercantilist’ interests—collude with government to set the bureaucratic ‘rules of the game’.”

Chen (2007: 6) adopts a somewhat broad view of these intra-sectoral linkages that envisages the formal economy in its entirety consisting of regulated economic units, protected workers, and the regulatory mechanisms of the state. A comparable but significant improvement on economy-wide analysis of informal-formal sector linkages is the model by Davies and Thurlow (2009) that clearly distinguished the inter-sector exchanges – production, purchase, and sales linkages, as well as borrowing and social transfers (see Figure 4.2). Yet in real life situations, the equation could be much more intricate, and more often than not everyone is wary of its latent interconnectivity with illegitimate and criminal activities²¹ or the *underground economy* (Castells & Portes 1989; Portes & Haller 2005). The simple illustration by Castells and Portes (1989: 14) in Figure 4.3 is very illustrative.

Furthermore, Portes and Haller (2005: 410) have provided an important template for clarifying the association between the formal regulatory environment and the actual size/form of informal sector or economy across nation-states. They are of the view that the ‘opportunity’ to engage in the informal economy and the eventual size or form of such ‘irregular activities’ depends on three factors: (i) expansion or extension of state regulation (refer also to Lomnitz, 1988); (ii) “the capacity of official agencies to enforce the rules that they promulgate”; and (iii)

²¹ Hart (1973) had originally distinguished between legitimate (such as self-employed artisans, petty traders, mechanics, etc.) and illegitimate informal activities (such as prostitutes, smugglers, pickpockets, etc.). Nonetheless, subsequent definitions of the informal sector, particularly those motivated by the ILO, excluded criminal activities “on the ground that they fall outside the realm of socially desirable economic activities” (Sethuraman, 1981: 14). This propriety does not, however, wish away these inevitable connections.

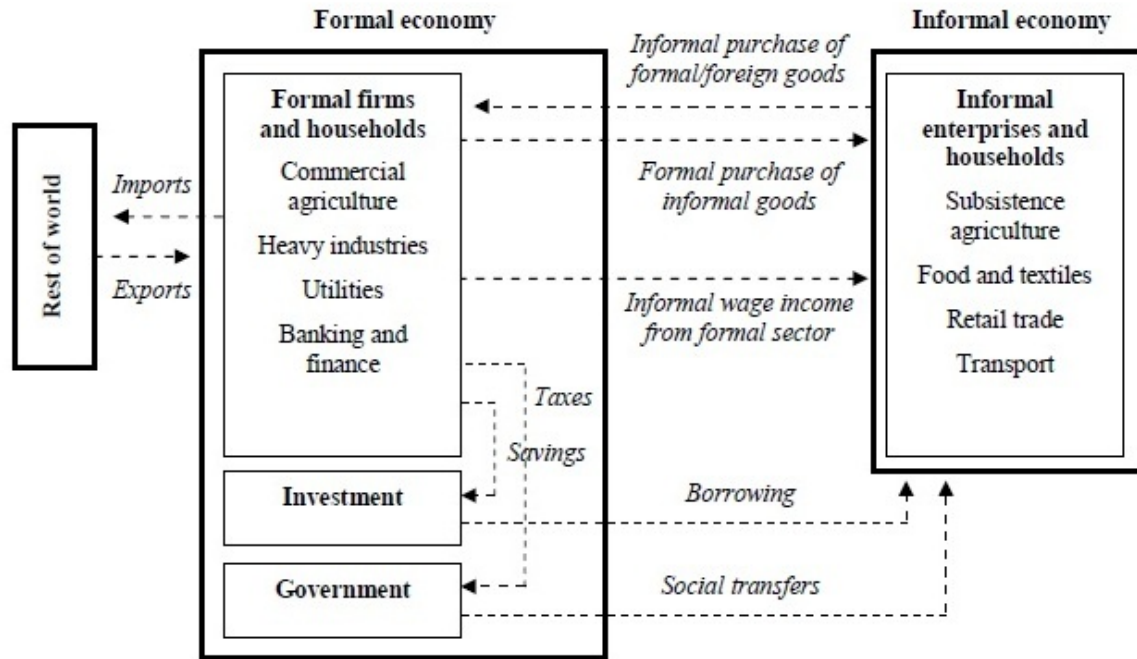


Figure 3.2: A Conceptual Framework for the Informal-Formal Economy-wide Model (Davies & Thurlow, 2009: 6).

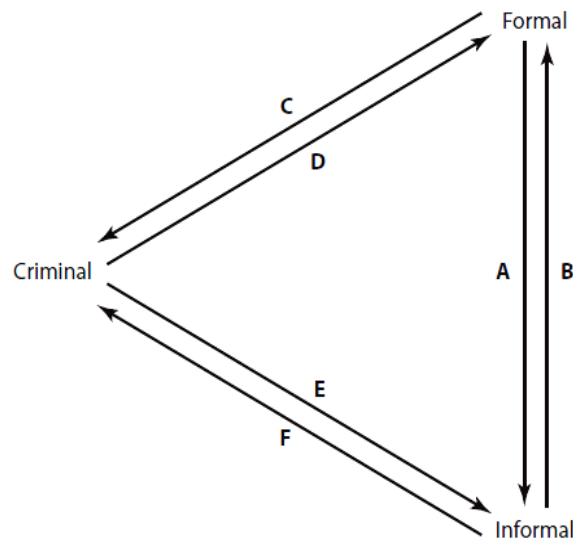


Figure 3.3: Types of Economic Activities and their Interrelationships. [A. State interference, competition from large firms, sources of capital and technology. B. Cheaper consumer goods and industrial inputs, flexible reserves of labour. C. State interference and disruption, supplies of certain controlled goods. D. Corruption, “gatekeeper’s rents” for selected state officials. E. Capital, demand for goods, new income-earning opportunities. F. Cheaper goods, flexible reserves of labour.] (Source: Castells and Portes 1989: 14)

“the social structure and cultural resources of the population subject to these regulations.” The way and manner these factors combine give rise to no less than six proto-typical states idealised by Alejandro Portes and William Haller with varying outcomes of informality (see Figure 4.4). The weak states typified by developing countries present three typologies: the ‘frontier’ state – laissez-faire economy with regulatory commitments are largely determined by ‘private force or traditional normative structures’; the ‘enclave’ state – results with further

		Regulatory Intent		
		Minimal	Limited	Total
State Strength	Weak	The “Frontier” State	The “Enclave” State	The “Mercantilist” State
	Strong	The Liberal State	The Social Democratic Welfare State	The Totalitarian State

Figure 3.4: State regulatory power, intent, and extent (Source: Portes & Haller 2005: 411)

extension of regulation and is characterised enclosures of ‘formal capitalism and legal enforcement of contracts’ existing in-tandem with informal and extra-legal activities/net-works; the ‘mercantile’ state – an extreme of the former situation where predatory or rentier conditions have emerged due to over-regulation. Alternately, the strong states correspond to the developed countries where attention to economic regulations and contracts are determined more by choice or ideology rather than capacity. These vary from the ‘liberal state’ with minimal regulatory intent, the ‘social democratic state’ with moderate or limited enforcement to the ‘totalitarian state’ epitomised by the transition countries of the former Soviet bloc. Conversely, combining the above template with statistical size estimates or projections of the informal sector across countries – like those by Schneider (2002), ILO (2002), or any other reliable one for that matter – is likely to give us faint clues about the nature of governance and formal regulatory

environment. We shall try and explore this issue in the next section, where we shall explore informal-formal sector linkages in selected countries.

In reality, the substances of the informal and formal sector relationship are basically not mere legal and other static abstractions but often involve a fluid mix of people, activity systems, as well as products and service (Losby et al. 2002: 11-12; Hart 2005: 1). The exchanges are predicated on production, distribution and employment linkages in the business systems, and they tend to characterise the diverse points in the *continuum of economic relations* between the formal and informal sectors (Chen 2007: 2). Given that these activity systems take place “in public places and courtrooms, spontaneous and planned encounters, households and networks, and in people’s minds” (Transberg & Vaa 2004: 9), they can be justifiably conceived as *spatial* and *aspatial* occurrences. This explains the adoption of both the material (*spatial*), and the mental (*aspatial*) notions in the analysis of the interpenetration of formal and informal institutions. Axel (1999) and Round, William & Rogers (2008) have successfully used this combined approach to study correspondingly the Nigerian fishing industry and informality in government employment in post-Soviet Ukraine.

As a theme of enquiry, the concept of informal-formal sector linkages has come a long way. The early efforts (pre-1980) centred on the debate around the initial pessimism regarding the autonomous/integrated capacity or incapacity in the informal sector for capital accumulation, signifying: (i) a benign/complementary relationship (Hart 1970, 1973; ILO 1972; Sethuraman 1975); (ii) a subordinate/exploitative/dependency relationship respectively (Amin 1973; Quijano 1974; Gerry 1974; Bienefeld 1975; Moser 1978); or (iii) both relationships due to the heterogeneity of career pattern and socioeconomic conditions in the informal sector (Tokman 1978). Although a number of the prior partial viewpoints continued far beyond the 1980s²², it shortly became clear that Tokman’s ‘third approach’ held sway (see Portes et al. 1986; De Pardo et al. 1989; Roberts 1989; Fortuna & Prates 1989). Beyond the 1980s and

²² See Peattie’s (1982) discourse on petty commodity production, for instance.

onwards, major attempts at articulating the linkages between informal and formal business units have, as expected, taken on a more diverse scope yet with greater focus on the “historical, political and social contexts of the country or region in question” (Blunch, Canagarajah & Raju 2001: 8; refer also to Kabra 1995; Mead & Morrisson 1996; Gërkhani 2004: 268).

Increasingly, awareness as regards the inseparable connection between these two economic sectors has taken root across the world. Today, we know, among things, that:

1. Widespread expansion of the informal sector is multi-factoral; and is linked to: IMF/World Bank structural adjustment programme (SAP), increasing labour market flexibility, rural-urban migration, diminishing state welfare provision, economic stultification and widespread unemployment as well as high cost of formality (Portes *et al.* 1989; de Soto 1989; Schneider & Enste 2000; Eggenberger-Argote 2005; Ishengoma & Kappel 2006).
2. People worked either consecutively or simultaneously in the two sectors as a means of making ends meet (King 1990; Morales 1997; Tienda & Raijman 2000);
3. The ‘informal’ and ‘formal’ products and services equally traverse these two sectors of the economy through marketing and supply chains, construction/repair services, and manufacturing subcontracting (Portes & Sassen-Koob 1987; Stepick 1989; Teltscher 1994).
4. While some informal sector businesses have demonstrated *counter-cyclic* links with formal sector businesses – expanding during economic downturns, or vice versa), others have retained *pro-cyclic* tendencies – expanding as the economy grows or vice versa (see Blunch, Canagarajah & Raju 2001; Altman 2008).
5. Due to global competition, informalisation of labour relations is leading to the emergence of unprotected industrial outworkers or home workers without adequate protection and rights (Portes & Sassen-Koob 1987; Fortuna & Prates 1989; Cross 1997; Benería 2001).

The consolidation of these issues in the 2000s has fed into further concerns for both specificity and empiricism.²³ Emphases relating to informal-formal sector linkages are shifting to concerns about their nature and type, and how these dimensions can contribute to income redistribution and economic growth. It has become imperative to determine whether such are: (i) *direct* or *indirect linkages*; (ii) *upstream* (i.e., point of raw material/component input) or *downstream linkages* (i.e., point of sales/distribution); (iii) *forward* (informal sector product and service inputs in formal sector production processes) or *backward linkages* (formal sector product and service inputs in informal sector production processes); and (iv) or still, a combination of any two or more of the above dimensions. Moreover, with the adoption of the ILO Homework Convention in 1996, deliberate efforts are underway to reduce the protection and right gaps between the formal and informal sectors (Gallin 2001, 2007; Horn 2005; Heintz & Pollin 2005 for example). This is especially critical today when the production and profit-maximisation behaviour of large firms coupled with the changing structure and function of public agencies have combined to make labour flexibilisation and informalisation both a cross-sectoral and global phenomenon (Miraftab 2005). At the pain of widespread socio-economic alienation of the ‘informals’,²⁴ closer informal-formal linkages are not only a desirable economic policy target but are applauded as a social innovation since it is synonymous with the social inclusion of into the formal economy and formal regulatory system (Carr & Chen 2004; Chen 2007; Skinner 2008). Chen (2007: 10) puts this view in a proper context when she offered that:

²³ The eminent informality scholar, Ray Bromley, once remarked that “the intellectual validity of the concept was, for many people, secondary to its policy implication” (1978: 1036). Commentators, who have reviewed the trajectory of the informal concept over the years such as Rakowski, 1994; Blunch et al, 2001; Chen, 2007:5 for example, are unanimous that the debate has changed continually in content and the composition of debaters. Yet, the underlying impetus in this whole endeavour has remained the empirical need for appropriate policy intervention and better targeting.

²⁴ This terminology was probably used first by Rakowski (1994: 3) to refer to people (men, women, and children) who work in the informal sector

“Given that the informal economy is here to stay and that the informal and formal economies are intrinsically linked, what is needed is an appropriate policy response that promotes more equitable linkages between the informal and formal economies and that balances the relative costs and benefits of working formally and informally.”

Despite the fact that informal-formal (sector) business linkages do open a wide and promising outlay for critical policy formulation, many developing countries (with dominant informal sector) are still slow to take this well-advised route. In Nigeria, industrial and development policies/programmes have until recently leaned heavily on the *modernisation theory* perspective that focuses almost exclusively on large-scale production in the formal economy. Pedersen & McCormick (1999: 117) have isolated this as one of the drawbacks of the African business systems. Sverrisson (1993) who have demonstrated in Tanzania as well as in Kenya and Zimbabwe respectively, the tendency of government authorities to harass small enterprises, who they have often perceived as “a threat to the monopoly of large formal sector enterprises”. It was not until about five years ago that the Nigerian government took a concrete first policy step, by way of the Cluster Concept of Industrial Development Strategy (CCIDS) of 2007, towards a tangible acknowledgement of these vital economic links (see FGN 2007). At any rate, therefore, it may be of the essence to envisage the current research goal in terms of how far this vaunted policy aspiration has been realised or the extent to which it is motivating changes in the *status quo ante*, particularly as it affects the structural and spatial relationships between informal and formal sector business units in the country. It would therefore be appropriate to review some lessons from international experiences in order to verify how countries relate or differ in the above respects – the nature, size, and accommodation of the informal sector and related policy/programme articulation.

3.2 INFORMAL-FORMAL SECTOR LINKAGES: INTERNATIONAL EXPERIENCES

Informal sector or economy is ubiquitous. All countries of the world possess, in varying proportion, some informal business activities in addition to a number of informal employments (see Schneider & Enste 2000; Schneider 2002; ILO, 2002). Country and regional variations in the size of the informal sector are quite marked (refer to Table 3.3) but one outstanding fact is that the size is “highly correlated with the level of economic development” (Pratap & Quintin 2006: 6; see also Antunes & Cavalcanti 2002). For the purposes of the information required in this segment, we shall zero-in on a number of countries selected from the diverse regional contexts. We shall briefly examine the informal sector or economy profiles, associated socio-

Table 3.3 Average Size of the Informal Economy for different Regions of the World

Country-Region	Average Size of the Informal Economy – Value added in % of official GDP 1999/2000 (No. of countries)
Developing countries	
Africa	42 (23)
Central and South America	41 (18)
Asia*	29 (26)
Transition countries	35 (23)
Western OECD countries (Europe)	18 (16)
North America and Pacific OECD countries	13.5 (4)

*Japan, Singapore, and Hong Kong are included here but they are not necessarily developing countries.

Source: Adapted from Schneider (2002: 45)

economic indices, the nature of informal-formal sector linkages, and the general policy stance towards in the informal sector in a number of countries. In addition to South Africa, Zimbabwe, and the Netherlands that come under the larger SANPAD-research study, India (Asia), Brazil (Latin America), and Russia (Eastern Europe or Transition Countries) are included in this desktop review and eventual comparison (Table 3.5 provides the summary). Since, the profile of Nigeria has been sketched out in Chapter 1 (*Section 1.6 The Specific Study Context and Knowledge Gap*), the country is only included here as a reference point in this international

comparison. The order of discussion however follows a certain regional sequence: South Africa, Zimbabwe, India, Brazil, Russia, and the Netherlands.

3.2.1 South Africa

3.2.1.1 Introduction

South Africa has a population of about 49,991,000 million in 2010; and with a total GDP of US \$363,910,425,628 billion in the same year, South Africa stands out as the largest economy in Africa (World Bank 2012). In the African continent, it is followed distantly by Egypt and Nigeria with US \$218.89 billion and US \$202.52 billion²⁵ respectively. Compared to other developing countries of its status (like Brazil, for example), South Africa has by, all estimates, a very small informal sector. Schneider's (2002) widely-cited estimate of the size of informal economy in 110 countries in 1999/2000 put the figure at 28.4%, which appear consistent with the StatSA's (Statistics South Africa's) 2001 *Labour Force Survey* of 26.8% figure – the sum of informal employment (excluding agriculture) (18.5%) and domestic workers (8.3%). By 2006, only slight variations in figures were recorded: informal sector employment amounted to 19.4% whereas domestic works reduced to 7.2% (Altman 2008: 15).

One distinctive feature of South Africa's socio-economic profile is the rather paradoxical condition of high open unemployment and a comparatively small informal sector, which inexorably suggests the existence entry and other barriers (Schneider 2002; Kingdon & Knight 2004; Altman 2008; Valodia 2008). For instance, in 2005 when the national unemployment rate stood at a lofty 27%, no more than a mere 15% (or 21%, if domestic workers are included) of the labour force found their way into the informal sector (Altman, 2008: 14). In September 2003, this proportion of labour force amounted to 1,899,114 workers (Devey, Skinner & Valodia 2006: 8). Informal sector researchers point to three main

²⁵ World Bank (2012) *World Development Indicators database*, 1 July, [<http://data.worldbank.org/country/>: Accessed 3rd May, 2012].

precipitating factors: (i) the South Africa's capital intensive yet versatile structure of production and services, and unequal linkages with the informal sector; and (ii) the lingering effects linked partly to past restrictive legislations of the Apartheid era, and partly to other contemporary constraints like lack of access to credit as well as high crime rates (Altman 2008; Davies and Thurlow 2009 for example).

3.2.1.2 Definition of Informal Sector and the Nature of Linkages with the Formal Sector

The State adopted the enterprise definition of the informal sector, and defines it as "...unregistered business, run from homes, street pavements or other informal arrangements" (Statistics South Africa, 2003: xiii). The agency however excludes agriculture (commercial and subsistence), domestic work, and unpaid labour in its estimates of total informal employment, a practice which some scholars like Devey, Skinner & Valodia (2003: 45) believe amounts to imprecise and unreliable delineation of the sector. True to the informal sector's heterogeneous nature, diverse categories of enterprise subsist therein with a disproportionate proportion in the trade (or trading) segment (see Table 3.4).

Table 3.4: Proportion of Informal Sector businesses by Enterprise Category in South Africa (2004)

Enterprise or Activity Category	Proportion of Worker (%)
Business Services	4.3
Community Services	9.0
Construction	13.1
Manufacturing	10.4
Private Households	9.5
Trade	47.1
Transport	7.1
TOTAL	100.5

Source: Based on *LFS* of March 2004 (Devey, Skinner & Valodia 2006: 10).

Based on the September 2001 *LFS*, Devey, Skinner & Valodia (2003: 23-25) sketched the characteristics of the South African informal workforce as follows: (i) the sector is more urban-based than rural-based (56.5-43.5%), and boasts of more men than women (54.5-45.5%); (ii) the dominant age group is the 30-39 years cohort, constituting (31.2%) of the population; (iii) a disproportionately high percentage are of the Africa/black race category (84.4%) with other categories filling the remaining portion – Coloured (6.8%), White (6.6), and Indian/Asian (2.1%); and (iv) the median level of education is Secondary-level (an average of 8.72 years of education), and a median income of about R1500 (US \$192 at the current exchange rate); and (v) the distribution of informal enterprises according to province in descending order of concentration is: Gauteng (22.0%), KwaZulu-Natal (17.2%), Eastern Cape (16.8%), Northern Cape (14.1%), Mpumalanga (8.1), Western Cape (8.1), North West (6.9%), Free State (5.5%), and Northern Cape (1.2%).

In South Africa, the informal sector is known to contribute roughly 7-13% of the GDP but also evidence abounds that it is both theoretically and empirically linked to the formal sector (see Geyer 1989, 2009; Skinner 2005; Devey, Skinner & Valodia 2003, 2006; Davies & Thurlow 2009 for example). Three broad types of linkages have been adduced between the two economic sectors, and they include: (i) production, sales and purchase links; (ii) people working consecutively or simultaneously in both sectors, an occurrence which Valodia, et al. (2006) see as 'labour market churning'; and (iii) intra-household relationships and transfers purchase and sale linkages (Valodia 2008; Davies & Thurlow 2009). Forward and backward linkages between the formal and informal sectors traverse the various enterprise-categories and notable cases of these have connections been demonstrated in, among others: the garment industrial clusters in Cape Town and Durban (McCormick 1999; Ince 2003); the construction industry (Lizzaralde & Root 2008); retail trading (Skinner 2005; 2009); fruit and vegetable business; as well as in community service function of dispute resolution (Van de Waal 2004).

3.2.1.3 General Informal Sector Policy Approach and Direction

There is actually a general absence of substantive policy and programme agendas for informal sector development at the national level in South Africa (Budlender, Skinner & Valodia 2004). However, at the provincial and local government levels, concrete support measures have been put in place – with the most notable examples in KwaZulu-Natal Province and the Durban or e-*Thekwini* local government, the location of the renowned Warwick Junction market project (Budlender, Skinner & Valodia 2004; Skinner 2008; Dobson, Skinner & Nicholson 2009). Obviously, the intervening institutional environment provided by the existing conceptual/technical insight in informal business master-planning on the one hand (see Dewar 2005), and the evolving levels of social mobilisation/construction epitomised by prominent NGOs like *StreetNet International*²⁶ alliance of street vendors on the other hand, do spell hope not just for this beleaguered sector but for the economy as a whole.

3.2.2 Zimbabwe

3.2.2.1 Introduction

In 2010, World Bank's (2012) document estimated the population of Zimbabwe at 12,571,000 people, approximately a quarter of South African's. With a GDP of US \$7,475,995,911 billion recorded in 2010²⁷, the country is rated among the low income countries. Like other African countries, Zimbabwe has experienced a short boom and long bust from its independence in 1980 till date – with two clear points of descent corresponding to the SAP in 1991 and the onset of the present political crisis (see Mhone 1993; Ncube 2000; Luebker 2008: 16). Barring the Apartheid-like pre-Independence restrictions and the post-Independence socialist stance of

²⁶ StreetNet International is a global alliance of street vendors that affiliates unions, associations, and cooperatives of men and women engaged in street/market trading. It was established in the city of Durban in November 2002, and ever since has made notable progress in mobilising and organising of the traders as well as in advancing their rights. The high point of StreetNet's mandate is contained in the famous *Bellagio International Declaration of Street Vendors*.

²⁷ World Bank (2012)

government that kept lid on the informal sector, the succession of economic conditions evolved in a counter-cyclic manner with the size of the informal sector in the country (Mhone 1993; Ncube 2000; Gumbo & Geyer 2011).

With the informal sector accounting for 59.4% of Zimbabwe's GNP in 1999/2000, the country recorded the highest level of informality in Africa, after Tanzania and Nigeria at 58.3% and 57.9% respectively (Schneider 2002). This rapid growth from a mere 8.8% in 1987²⁸ to the current height are adducible to the combined effects of: (i) the declining growth in formal employment; (ii) intensifying rural-urban migration; (iii) SAP-induced retrenchments from both the public and private establishments; and (iv) the consequent change in attitude that led to general relaxation of restrictive legislations (Ncube 2000: 174). The current political and economic crises in the country have led to general stagnation and deeper informality. For instance, Luebker (2008: 25) attributed the over 1 million additional that swelled the country's labour force between 1993 and 2004 to informal job creation! Based on the Zimbabwe 2004 Labour Force Survey, Luebker (2008: 30) estimated the number and percentage of labour force according to the three designated production units thus: *formal sector enterprises* – 1,201,596 (or 23.7%); *informal sector enterprises* – 711,007 (or 14%) workers at 680,594²⁹; and *households* – 3,155,421 (or 62.3%).

3.2.2.2 Definition of the Informal Sector and the Nature of Linkages with the Formal Sector

The Zimbabwe Central Office of Statistics (CSO 2005: 80) espouses the enterprise definition, and characterizes the informal sector as:

“...a production unit was considered to be in the informal sector if it is private in the institutional sector, neither registered nor licensed and employs less than 10

²⁸ This figure cited by Verick (: 6) who attributed it to ILO (2002) “ILO compendium of official statistics on employment in the informal sector,” *STAT Working Paper* 2002 – No.1.

²⁹ This is against the 711,007 figure obtained by the Zimbabwe Central Statistics Office (CSO) for the same year.

employees. Households employing paid domestic workers and those involved in communal farming were excluded from the informal sector enterprises.”

Consequently, the delineation of employment statistics is predicated on the type of production unit, namely: formal sector enterprises, informal sector enterprises, and households. Apart from the ambiguity and confusion inherent in the criteria ‘neither registered nor licensed’³⁰ the demarcation between the enterprises in the first two segments is rather standard. The household segment is composed of domestic workers (paid and unpaid), as well as commercial and communal/subsistence agriculture, it is often grouped with the informal sector under the *non-formal sector* (see Ndlela 2006).

The basic characteristics of the Zimbabwean informal sector as obtained from the Zimbabwe 2004 LFSs are as follows: (i) the sector is basically urban-based due to rural-based interpretation of the household/communal farm enterprises; (ii) female-dominated with a women to men proportion of 51.3%-48.7%, and the dominant age group is the 25-34 years cohort (40.3% of the population); (iii) Community, Social & Personal Services is the most dominant economic activities in the informal sector³¹ (see Table 3.5 for the break down) ; and(iv) the median level of education is Secondary-level (Form 1-4), and a median income of about ZIM \$200,001–\$600,000 (about US \$37–113); and (v) the highest concentration of informal enterprises are found in the four largest cities of Harare, Bulawayo, Mutare and Gweru (Neshamba 1997: 48).

In his own study, Mpone (1993: 15) had expressed the very low level of forward linkages and virtually no work subcontracting from the urban informal sector to the formal sector (with the possible exception of trading). Neshamba (1997) however thinks otherwise: for him, some informal enterprises in Zimbabwe do retain some linkages and subcontracting

³⁰ Luebker (2008: 30) foresees a problematic situation where “enterprises that are merely licensed would fall neither into the formal nor the informal sector (nor into the ‘household’ category.”

³¹ Agriculture is clearly the dominant preoccupation in Zimbabwe but a gross of its manifestation in communal farms is accounted for under a separate heading – the households, where it constitutes 96.9% of all the undertakings!

arrangements with both large firms and public agencies. It is perhaps for the ‘upstream and downstream linkages’ inherent in the “transport and distribution services, suppliers of foodstuffs

Table 3.5: Proportion of Informal Sector businesses by Enterprise Category in Zimbabwe (2004)

Enterprise or Activity Category	Proportion of Worker (%)
Agriculture, Hunting, Forestry & Fishing	1.9
Business Services (Finance, Insurance & Real Estate)	0.4
Community, Social & Personal Services	58.8
Construction	6.4
Electric, Gas, and Water	0.3
Manufacturing	14.7
Mining & Quarrying	4.6
Wholesale & Retail Trade and Hotel & Restaurants	10.6
Transport, Storage & Communication	2.3
TOTAL	100.0

Source: Luebker's (2008: 36) calculation from Zimbabwe 2004 Labour Force Survey.

from rural areas and, conversely, suppliers of inputs to rural areas, formal and informal micro-credit institutions, and a wide range of part-time and casual labour” that the Operation ‘Murambatsvina’³² had such a huge and economy-wide causality (Tabajuka 2005: 33).

3.2.2.3 General Informal Sector Policy Approach and Direction

On the whole, the policy of the Zimbabwean government towards the informal sector can be said to be rather inconsistent. The trajectory from the pre-1980 (or pre-Independence) Apartheid-style repression through a combination of town planning and labour laws to the more permissive post-Independence period left few informal sector entrepreneurs prepared for a government intervention that would turn out to be the most despotic and destructive till date.

³² Operation ‘Murambatsvina’ (or Operation Restore Order) is a nation-wide demolition and eviction campaign in Zimbabwe targeted principally at the informal sector. It commenced abruptly on May 19, 2005 in the capital city, Harare and quickly spread to other major cities in the country. This infamous operation with its grave humanitarian consequence affected nearly 2.4 million people, and had attracted worldwide condemnation (see Tabajuka 2005).

Ostensibly as an afterthought, the government is attempting – to use Gumbo’s and Geyer’s (2011) apt phrase – ‘to pick up the pieces’ through some tactical reversals (Operation *Garikai* – Rebuilding & Re-construction) in order to ameliorate the havoc. As optimistic as this change of approach may seem, it is still bugged down by lack of finance, proper planning, and execution (Gumbo & Geyer 2011). Even though, United Nations Industrial Development Organisation (UNIDO) had two different occasions³³ proposed an inclusive SME development strategy that would encompass informal sector business, they have always ended up in the government drawer (Ndlela 2006: 16).

Equally, the supportive social environment for the development of informal enterprises is evolving, even though, as Ndlela (2006) had openly admitted, this collective mobilisation for dialogue and survival is still at its rudimentary stages. A number of informal sector associations and unions have come into being, and they include: the Zimbabwe Apex of Informal Sector Associations (ZAISA), Zimbabwe Informal Sector Association (ZISA), the National Informal Sector Association of Zimbabwe (NISAZ), Informal Traders Association of Zimbabwe (ITAZ), Zimbabwe Cross-Border Traders Association (ZCBTA), Hawkers and Vendors Association of Zimbabwe (HAVAZ), and the Tuck Shop Owners Association of Zimbabwe. Other allied agencies of government devoted to the informal enterprises include: the Zimbabwe Chamber of Informal Economy Associations (ZCIEA), Micro-Business Development Corporation (MBDC), and the Zimbabwe Chamber of Trade Unions (ZCTU).

³³ This strategy is contained in the two documents: UNIDO (1993) “Support to small scale industries and enhancement of indigenous ownership,” *DP/ID/SER.A/1650, Technical Report: Survey of Small-Scale Industries and Indigenous Ownership in Zimbabwe*, Vol. 1, Harare: Prepared by Zimconsult; and UNIDO (1999) “Development of SME sector in Zimbabwe based on a clustering and networking approach,” *US/ZIM/97/117 Activity Code 350C3*, September, Harare: Prepared by Zimconsult.

3.2.3 India

3.2.3.1 Introduction

India has a population of about 1,224,615,000 million (2010), and is the second most populous country in the world after China (with a 2010 population of 1,338,300,000 million). With a GDP of US \$1,727,111,096,363 trillion, the World Bank classifies India as a *Lower Middle Income* country.³⁴ Given its massive population and vast economy, the Indian case is likely to provide a valuable example of the *modus operandi* and challenges of a very huge informal sector. This is more so when the current research deliberation centres on Nigeria, a country whose population and informal sector labour force are clearly the largest in Africa.³⁵ The total informal sector labour force in India – excluding informal agriculture workers – amounts to a massive 110.43 million (or 69.14%) in 1999-2000 and increased under liberalisation policy to 142.07 million (89.30%) in 2004-2005 (NCEUS 2008; Naik 2009: 5-7; Bairagya 2010).³⁶

3.2.3.2 Definition of the Informal Sector and the Nature of Linkages with the Formal Sector

In India, the informal sector is synonymous with the unorganised sector. The definition/delineation of this sector tends to differ depending on purpose of use between responsible public agencies like the National Sample Survey Organisation (NSSO) and Directorate General of Employment and Training (DGET). Whereas the DGET definition of the informal/unorganised sector specifies an upper limit threshold of nine (9) employees, the NSSO (1999-2000: 1) characterises the sector as small scale production units in which “...labour relations, where they exist, are based mostly on casual employment, kinship, or personal or social relations rather than contractual arrangements with formal guarantees”. However, the

³⁴ The population and GNP figures are from the World Bank (2012).

³⁵ Refer to Footnote No. 7.

³⁶ These figures quoted in Naik (2009: 5-7) were derived from NSSO 55th (1999-2000) and 61st (2004-2005) Round Survey on Employment-Unemployment respectively. When the informal agriculture workers that constitute 67.77% (1999-2000) and 64.17% (2004-2005) of informal employment are added, the outcome is really astonishing – a mammoth workforce of 342.64 million (1999-2000) and 394.90 million (2004-2005) that by far outstrip (with the exception of China, of course) the total population of every other countries of the world! Note that the 2010 population of the United States of America, which is the third in world population hierarchy after China and India, is 309,349,000.

National Commission for Enterprises in the Unorganised Sector (NCEUS) set up in 20th September, 2004 has made concrete efforts to both harmonise apparent inconsistencies in the enterprise definition and adopt the job- or employment-based definition of the informal sector. Accordingly, the NCEUS has specified that the informal sector consists (not including agriculture) of “all unincorporated private enterprises owned by individuals or households engaged in the sale and production of goods and services operated on a proprietary or partnership basis and with less than ten total workers” (NCEUS 2008; Naik 2009: 3). On the other hand, the agency defines informal employment as comprising of all work in the informal sector and those in the informal sector “without any employment and social security benefits provided by the employers” (NCEUS 2008; Naik 2009: 5).

The basic profile of the Indian informal sector based on informal employment statistics of 1999-2000 comprises the following: (i) the sector is more urban than rural-based with an average annual percentage growth rate 4.03-2.60% (Naik 2009: 6, 9); (ii) it is male-dominated with a men to women proportion of 66.40%-33.60% (see Bairagya 2010: 12); (iii) social structures such as age, gender, religion and caste play a dominant role in the labour market (Harriss-White 2010); (iv) manufacturing is the most dominant enterprise category with 31.27% followed Trade, Hotels & Restaurants (27.56%), Community, Social & Personal Services (16.68%), etc. (see Table 3.6); (v) the distribution of informal business as measured by the estimated number of informal workers per thousand population was highest in the States of Andhra Pradesh, Himachal Pradesh, Karnataka, Madhya Pradesh than in the other 35 states, suggesting a positive correlation between the informal sector and poverty (Naik 2009: 7-8).

In India, both theoretical and empirical analyses have confirmed the existence of production linkages, consumption linkages and technological linkages between the organised (formal) and the unorganised (informal) sectors (Papola 1978; Singh 1990; Samal 1990; Mukherjee 2004; Bairagya 2010; Pieters, Moreno-Monroy & Erumban 2010). Using various

Table 3.6: Proportion of Informal Sector businesses by Enterprise Category in India (1999-2000)

Enterprise or Activity Category	Proportion of Worker (%)
Finance Services	2.41
Community, Social & Personal Services	16.68
Construction	12.38
Electric, Gas, and Water	0.05
Manufacturing	31.27
Mining & Quarrying	0.95
Trade and Hotel & Restaurants	27.56
Transport, Storage & Communication	8.73
TOTAL	100.03

Source: Calculated from Unni (2002: 5).

NSSO, Bairagya (2010: 17) was able to prove these subcontracting linkages between the two economic segments. He established a steady growth in the period under review, particularly for the manufacturing segment where the percentage unit of enterprises operating under subcontracting rose from 17.0% in 1999-2000 to 31.7% in 2005-2006. Such sub-sector variations in business linkages was also emphasised by Pieters, Moreno-Monroy & Erumban (2010), when they offered that substantive evidence of formal-informal linkages can only be inferred for businesses in modern informal sector category (and not for the others in the traditional informal sector). They therefore stressed that ‘accounting for informal sector heterogeneity’ is not only important for analysing formal-informal linkages but also “for the design of appropriate policies” (p. 15).

3.2.3.3 General Informal Sector Policy Approach and Direction

There are concerted national efforts by the Indian government aimed at addressing the unorganised or informal sector. The NCEUS was set up in September 20, 2004 under the

Ministry of Small Scale Industries³⁷ Resolution No. 5(2)/2004-ICC as ‘an advisory body and watchdog for the informal sector’ with clear mandates as follows:

- i Review the status of unorganised/informal sector in India including the nature of enterprises, their size, spread, scope, and magnitude of employment;
- ii Identify constraints faced by small enterprises with regard to freedom of carrying out the enterprise, access to raw materials, finance, skills, entrepreneurship development, infrastructure, technology and markets, and suggest measures to provide institutional support and linkages to facilitate easy access to them;
- iii Suggest the legal and policy environment that should govern the informal/unorganised sector for growth, employment, exports and promotion;
- iv Examine the range of existing programmes that relate to employment generation in the informal/unorganised sector and suggest improvement for their redesign;
- v Identify innovative legal and financing instruments to promote the growth of the informal sector;
- vi Review the existing arrangements for estimating employment and unemployment in the informal sector, and examine why the rate of growth in employment has stagnated in the 1990s;
- vii Suggest elements of an employment strategy focussing on the informal sector;
- viii Review Indian labour laws, consistent with labour rights and with requirements of expanding growth of industry and services, particularly in the informal sector and improving productivity and competitiveness; and
- ix Review the social security system available for labour in the informal sector, and make recommendations for expanding their coverage (Reserve Bank of India, 2008: 2).

³⁷ This organ of government saddled with the promotion and development small businesses was established in 1999. The former name of Ministry of Small Scale Industries and Agro & Rural Industries (SSI & ARI) was later changed to Ministry of Micro, Small and Medium Enterprises (MSME) (refer to NBS/SMEDAN, 2012: 48).

True to the above terms of reference, NCEUS has since its formation produced about nine reports on diverse crucial issues confronting the unorganised sector in India, and they include: (i) Social Security for Unorganised Workers (May 2006); (ii) Comprehensive Legislation for Minimum Conditions of Work and Social Security for Unorganised Workers (July 2007); (iii) Conditions of Work and Promotion of Livelihood in the Unorganised Sector (August 2007); (iv) Financing of Enterprises in the Unorganised Sector & Creation of a National Fund for the Unorganised Sector (NAFUS) (November 2007); (v) Report on Definitional and Statistical Issues relating to Informal Economy (November 2008); (vi) A Special Programme for Marginal and Small Farmers (December 2008); (vii) Growth Pole programme for Unorganised Sector Enterprise Development (April 2009); (viii) Skill Formation and Employment Assurance in the Unorganised Sector (April 2009); and (ix) A Report on Technology Upgradation for Enterprises in the Unorganised Sector (April 2009). In addition, the Commission has proposed the ‘Growth Poles’ strategy of micro and small enterprise-clusters that would integrate manufacturing, services, and non-farm activities in one geographical location.

The social mobilisation/organisation and advocacy impetus of the Indian informal sector is quite vibrant and have as a result gained acceptable grounds. The activities of Self-Employed Women's Association (SEWA – the acronym stands for ‘service’ in Hindi), a registered trade union with over 700,000 members is illustrative of this collective effort at enabling “millions of poor working women to secure the three ‘Es’ – employment, entitlement and empowerment...” (Kapoor 2007: 555). SEWA together with its vast network of affiliates and collaborating bodies, like National Centre for Labour (NCL), National Alliance of Street Vendors of India (NASVI), HomeNet, StreetNet, and WIEGO (Women in Informal Employment Globalising and Organising), continue to influence local laws, facilitate further training for its members, and now undoubtedly constitute a powerful pressure group in the country. The incessant struggles

and battles with planning authorities and municipal governments have produced both successes like the Supreme Court accent to the constitutional rights of traders to street pavements (Bhowmick 2003; Anjaria 2006)³⁸ as well as set-backs as characterised by a number of eviction cases in Ahmedabad, Delhi, and some other cities (see Kudva 2005). At any rate, the elaborate inclusion of unorganised or informal businesses in the Delhi Master Plan 2021 (in the NCEUS-like 'Growth Poles' format) is quite gratifying, and appears like a culmination of past positive and progressive efforts (Delhi Development Authority 2005). Apart from the master-plan's five-tier system of commercial areas – Metropolitan City Centre or CBD, District, Community, Local Shopping, and Convenience Shopping centres – that made elaborate accommodation for both formal and informal business activities, the whole of Section 5.9 *Informal Sector* (pages 41 to 47 of the master plan document) outlines the general policy stipulations for informal businesses along with detailed planning norms/standards, and the definition of activities permitted in the use premises.

3.2.4 Brazil

3.2.4.1 Introduction

Brazil has a population of about 194,946,000 million (2010), and is the most populous country in the Latin America & Caribbean region. The country's 2010 GDP equals US \$2,087,889,553,822 trillion³⁹, and is by far the biggest economy in Latin America. Like South Africa, it is classified as an *Upper Middle Income* country. According to a 1999-2000 estimate by Schneider (2002), the size of the Brazilian informal economy stayed at a comparatively

³⁸ In the landmark judgement of the Indian Supreme Court it was ruled that "if properly regulated according to the exigency of the circumstances, the small traders on the sidewalks can considerably add to the comfort and convenience of the general public, by making available ordinary articles of everyday use for a comparatively lesser price. An ordinary person, not very affluent, while hurrying towards his home after a day's work can pick up these articles without going out of his way to find a regular market. The right to carry on trade or business mentioned in Article 19(1)g of the Constitution, on street pavements, if right to carry on trade or business mentioned in Article 19(1)g of the Constitution, on street pavements, if properly regulated cannot be denied on the ground that the streets are meant exclusively for passing or re-passing and no other use" (Sodhan Singh versus NDMC, 1989; Quoted in Bhowmik (2003: 3).

³⁹ The population and GDP figures were obtained from World bank (2012).

moderate 39.8%. However, bearing in mind the proportions recorded by its other two BRICS⁴⁰ country-peers China (13.1%) and India (23.1%), and the world average of 32.5%, Capp, Elstrodt & Jones (2005: 9) preferred the expression ‘Brazil’s huge informal economy’⁴¹ in their particularly cynical article.

Commentators on labour market segmentation in Brazil and its possible effects on the size of the country’s informal sector are divided on whether or not the labour market is sufficiently segmented considering the rather insignificant the formal and informal sector wage difference⁴², and high labour market churning or rapid inter-sector mobility (Carneiro & Henley 2001; Ruffer & Knight 2007; Bargain & Kwenda 2010). Hence, most Brazilians are known to willingly opt for informality (as self-employed workers and informal employees) for the reasons of ‘being happy with the current job’, higher earnings, cumbersome formalisation process, among others (Maloney 2004: 1162). It is this apparent attractiveness of informality as is denoted by the voluntary informal employment regime that seem to have biased informal sector definition in Brazil towards the legalistic/social protectionist criteria of regulation- and tax-avoidance (see Capp, Elstrodt & Jones 2005; de Paula & Scheinkman 2007 for example).

3.2.4.2 Definition of the Informal Sector and the Nature of Linkages with the Formal Sector

Basically, the Brazilian Statistics Bureau (IBGE) espouses the enterprise or job definition of the informal sector as economic units employing less than 5 workers, although the rich dataset in the Brazilian household survey (PNAD)...ECINF survey (Pesquisa de Economia Informal Urbana) permits the substantiation of all “three possible definitions of informality: not having a formal contract, not having social security, and being employed in a small firm” (Ruffer &

⁴⁰ BRICS is an acronym coined by the World Bank to denote the emerging economies of world – Brazil, India, China, and South Africa.

⁴¹ This notion that Brazil has a ‘huge’ or ‘large’ is also shared by other commentators like Fajnzylber (2001) and Ulyssea and Szerman (2006) for example.

⁴² An exception to this rule was offered by Tannuri-Pianto and Pianto (2002) who applied Quantiles regression to the 1999 Brazilian household survey (*Pesquisa Nacional por Amostra de Domicílios, PNAD*). They contradicted the forgoing literature by proffering that earning differential at the lower quintiles is quite wide, a proposition that collaborated the ‘segmentation’ thesis popularised in the 1990s by commentators like Cacciamali and Fernandes (1993) as well as Fernandes (1996).

Knight 2007: 16). However, Henley, *et al.* (2006: 26, 2009) have argued that “these three definitions are far from observationally equivalent,” resulting in proportions of up to 64% by “at least one of the three definitions, but only 40% are informal according to all three definitions.”

In 1999, the IBGE estimated the total informal labour force at 27,093,145 workers or 37.8% of the total national workforce – 71,676,219 (refer to Jorge & Valadão 2003). Pitting these figures against those obtained from an earlier survey in 1997, Jorge and Valadão (2003) deciphered that whereas the total employment grew by 2.7%, informal sector employment expanded by 4.6%. Invariably, the persisting economic and regulatory barriers continue to propel this growth path (Ruffer & Knight 2007; Bargain & Kwendo 2010). Other characteristics of the Brazilian informal sector are as follows: (i) the sector is basically and conceptually urban-based since “the most expressive part of the informal economy was concentrated in the large urban centers” (Jorge & Valadão 2003: 6); (ii) it is female-dominated with 109 women per 100 men in 1997 (Ruffer & Knight 2007: 17; see also Nimrichter 2007: 43-44); (iii) Retail trading and Repairs play the most dominant role commanding about 28.83% of this economic segment, and followed closely Construction (14.08%), Manufacturing and Extractive industry (10.96%), and others (see Table 3.7)⁴³; and (iv) informal sector businesses (informal self-employed and informal workers) are concentrated in the major cities – Rio de Janeiro (31.5%), Sao Paulo (26.5), Porto Alegre (16.5), Belo Horizonte (14.0), Salvador (0.7), and Recife (0.5) (see Bargain & Kwendo 2010: 23).

Perhaps due to the apparent dominance of the legalistic/social-protectionist notion of informality, few literatures on the Brazilian informal sector dwell on its linkages with the formal sector. Apart from the high rate of labour mobility or labour market churning between

⁴³ These figures compare well with those derived from data analysis by Bargain and Kwendo (2010: 23) using Monthly Employment Survey (Pesquisa Mensal de Emprego, PME) conducted by the Instituto Brasileiro de Geografia e Estatística (IBGE): Construction (18%); Manufacturing (15%); Trade & Retail (32%); Transportation, Storage, and Communication (11%); General Services (21%); and Other Activities (3%).

the formal and informal sectors (Curi & Menezes-Filho 2006), both sectors exhibit identical responses to labour market regulations in terms of deviation in national wage, work hours, and transaction practice norms (Neri 2002: 58). The ‘contagious’ notion of informality propagated by Paula and Scheinkman (2007) give added impetus to the general tax and regulation enforcement inclination in Brazil. In their study that used a credit system of value added taxes as proxy, they affirmed that “the informality of a firm is correlated to the informality of firms from which it buys or sells, *and hence implying* that higher tolerance for informal firms in one production stage increases tax avoidance in downstream and upstream sectors” (Paula & Scheinkman

Table 3.7: Proportion of Informal Sector businesses by Enterprise Category in Brazil (2003)

Enterprise or Activity Category	Proportion of Worker (%)
Construction	14.08
Education, Health & Social Services	6.71
Other Collective, Social & Personal Services	9.90
Lodging & Food Services	9.09
Real Estate & Services	7.06
Retail & Repair Services	28.83
Transformation (Manufacturing) & Mineral Extraction Industry	10.96
Transport & Communication	9.01
Other Activities	4.36
TOTAL	100.00

Source: Derived from the 2003ECINF survey (Pesquisa de Economia Informal Urbana) by the Brazilian Statistics Bureau (IBGE) (De Paula & Scheinkman, 2007: 40).

2007: 1, *my addition*). And so, it is obvious that while production, purchase and sales linkages exist between formal and informal businesses, they are more likely to be hidden from the official radar.

3.2.4.3 General Informal Sector Policy Approach and Direction

The official policy response aimed at reducing informality in Brazil ranges between two poles of public employment facilitation and formalisation (see Neri 2002; Capp, Elstrodt & Jones

2005; Dias & Alves 2008: 13 for *informal recycling sector*). The first pole – public employment strategy – is predicated on two sets of policies: (i) those aimed at assisting “the unemployed through unemployment insurance, intermediation schemes, training programs and direct employment programmes”⁴⁴; and (ii) others comprise of support initiatives to micro and small enterprises by way of credit, technical assistance, marketing and cooperative-building programmes (Neri 2002: 84). For example, Brazil like Chile and Mexico has also initiated measures to simplify the taxation schemes by replacing income tax of small business with presumptive tax/single tax (Oviedo, 2009). The second pole is comprised of formalisation or regulation enforcement (see Abiko & Pereira 2001).

Owing to the country’s rigidly regulated labour market and the related notion of informality as tax and social security avoidance, enforcement of labour legislations remains a logical recourse to the growth of informal businesses. In Brazil, compliance with labour legislations is enforced or implemented by the Ministry of Labour, whose offices (called *delegacia* in Portuguese) and sub-offices (*subdelegacia*) are located in the various State capitals and local or sub-regional centres respectively. Strict enforcement has both positive and not-so-positive socio-economic consequences; Almeida and Carneiro (2007: 31) believe that “stricter enforcement (which affects mostly the cost of formal workers) leads to higher unemployment and to less inequality.”

3.2.5 Russia

3.2.5.1 Introduction

Post-Soviet Russia remains the dominant economy in Eastern Europe with a 2010 population estimate of 141,750,000 million and a GDP amounting to US \$1,479,819,314,058 billion

⁴⁴ In any case, Freije (2001: 28) has faulted the capacity of the traditional programmes in Latin America and the Caribbean (such as the SENAI in Brazil) to meet the needs of informal workers. He listed four common shortcomings as follows: (i) the programmes are often targeted at individuals already working for a firm; (ii) some of them require levels of schooling which in diverse cases informal workers are unattainable for many informal workers; (iii) training institutions fail to incorporate elements of flexibility in their courses to prepare prospective participants for changing markets and times; and (iv) the effectiveness of a good number of the training schedules in enhancing the chances of job acquisition is questionable.

(World Bank, 2012). Although the country is rated as an industrialised *Upper Middle Income* country, it has a very large informal sector. Schneider's (2002) 1999-2000 estimate of the size of informal economy (as a percentage of GDP) in Russia is 46.1%, which surpasses the average of 38% for the 23 transformation (or transition) countries of the former Soviet bloc. Just like in those other post-socialist transition economies, the reasons for the expansive informal sector in Russia are numerous. It has been blamed on: (i) the structural dynamics and the challenges of the reform process from central planning to market economy (Dolinskaya 2002; Gerry, *et al.* 2002; Kim & Kang 2006 for example); (ii) weak and ineffective institutions (Yakovlev 2001; Ledeneva 2003; Kim & Kang 2006; Stavtyskyi 2011); (iii) embeddedness and 'social teleology' of socialism (Portes & Böröcz 1988; Kurkchiyan 2000; Bernabè 2002; Kim 2003; Gelman 2004; Williams 2011), as well as; (iv) regulatory ambiguities, or 'supply bottlenecks'⁴⁵, and corruption (Friedman, *et al.* 2000; Ledeneva 2002; Stavtyskyi 2011).

As a result, the Russian case study offers us additional opportunity to observe the impact of non-market socio-political system (albeit in transition) on the construction and teleology of informality. True to the proposition that the high informality propensity of the post-socialist economies like Russia is not just a factor of the destabilization 'triple transition'⁴⁶, Bernabè (2002: 16, *my addition*) has emphasised that, "(t)he informal economy in transition countries is not new...*had existed as a parallel, private, unregistered and untaxed part of the economy, which during the Soviet period was referred to as the 'second economy'.*" A retinue of other scholars share this view, and consider the 'second economy' synonymous with the informal sector (see Grossman 1977, 1989; Portes & Böröcz 1988; Sik 1993; Kim 2003, 2011)

⁴⁵ Portes and Böröcz (1999: 26) believe that the informal sector acts "an 'escape valve' and a means to circumvent supply bottlenecks in rigidly planned command economies." This refers to the shortages as it relates to capital, labour, and commodity supply in socialist systems.

⁴⁶ This term is attributed to Gelman (2004:2). He used 'triple transition' to denote the complex restructuring processes, involving 'democratisation, marketisation and state building' that Russian (and by implication, many other transition economies) has been undergoing since the collapse of the Soviet Union in 1991 (see Aidis & Adachi 2006: 1).

3.2.5.2 Definition of the Informal Sector and the Nature of Linkages with the Formal Sector

The conformity of National Statistical Agency of the Russian Federation Russian State Statistical Agency, *Goskomstat*⁴⁷, to the ICLS (International Conference of Labour Statisticians) 1993 criteria for measuring employment in the informal sector began in its 2001 LFS (Sinyavskaya & Popova 2005). The agency classifies the informal sector as consisting of unincorporated enterprises in household production or owned by households (including agriculture), and those owned by an entrepreneur opting to register, according to Russian legislation, as a ‘*juridical person*’ (and not as an ‘organisation’). The enterprises or economic units may engage contributing family members or/and one or more other employees on an occasional or permanent basis (*Goskomstat* 2003). Yet, two important clarifications still remain in this official definition, and they include: one, the fact that no size threshold is specified – even if less than five employees is routinely adopted⁴⁸; and two, though employment registration data collection started in the 2001 LFS, thus far *Goskomstat* does not report this information necessary for the definition of informal employment in Russia (Sinyavskaya & Popova 2005).

The official estimate of the informal employment workforce (15-72 years) the Russian Federation in 2002 amounts to a total of 9,535,000 million, representing an increase of 3.8% from the previous year’s figure of 9,190,000 million. Further characterisations derived from *Goskomstat* as well as the Carnegie Moscow Centre (CMC) survey and the 5th Round of *Russian Longitudinal Monitoring Survey* (RLMS) do reveal the following trends: (i) just like the entire urban employment structure of Russia, the informal sector is a dominantly urban

⁴⁷ Goskomstat is the acronym for the Russian name, *Gosudarstvennyi Komitet Rossiiskoi Federatsii Po Statistike*.

⁴⁸ This is the case with the definitions adopted by the Carnegie Moscow Centre (CMC) in its *Social and Economic Situation of Russia’s Population* in November 2000, and the 5th Round of *Russian Longitudinal Monitoring Survey* (RLMS) conducted in October-December 2000 by the Institute of Sociology and Institute of Nutrition of Russian Academy of Sciences along with the Pentagon Research International (refer to Sinyavskaya & Popova 2005).

phenomenon: *Goskomstat's* 2001 64.0-36.0% urban-rural ratio complements the ratios published by CMC (79.6-20.4%) and RLMS (84.0-16.0%) in 2000; (ii) the sector is male-dominated with average men-women ratios for both main and second informal jobs of 64.95-35.05% (CMC) – however, in the RLMS figure (53.85-46.15%) appear quite marginal; (iii) Trading and Catering is the most prevalent informal economic segment with 42.7% of the workforce, followed Agriculture and Forestry (29.7%), Transport, Communication and Construction (12.4%), etc. (see Table 3.9); and (iv) *Goskomstat's* 2002 data on the average working hours per week indicate that several Russians normally hold multiple jobs (the ‘second job’ phenomenon often referred to as *moonlighting*⁴⁹) – spending up to 39.1 hours/week in their main jobs, 15.7 hours/week on second jobs, and 32 hours/week on informal jobs.

Surprisingly, hardly any explicit information on the nature or extent of linkages between the informal and formal sectors in Russia was gleaned from all the literature reviewed. One gets an impression that perhaps due to the high rate of informality in both economic segments in the country – and other transition economies, for that matter –, such thematic analyses may be considered of little or no empirical value. However, from the nature of the economy and available anecdotal evidence in literature (see Williams 2011 for example), we are on good grounds to conjecture the existence of tangible informal-formal sector linkages in Russia. First, the account of open air markets (OAM) in Russia and other East-Central European countries as “a form of continuity between capitalism in the past, socialism in the past, as well as capitalism in the present” demonstrates vibrant networks of sales and purchase linkages there (Sik & Wallace 1999: 697). Second and as is evident from above examples, the high rate of labour market churning coupled with multiple job holdings and intra-household production/transfers

⁴⁹ A classical text on the subject is Guariglia A. and B. Kim (2001) “The Dynamics of Moonlighting:” What is happening in the Russian Informal Economy? *BOFIT Discussion Paper No. 5*, Bank of Finland Institute for Economies in Transition (BOFIT), Helsinki [www.bf.fi/bofit: Accessed 28th May, 2012].

Table 3.8 Proportion of Informal Sector businesses by Enterprise Branches in Russia Federation (2002)

Enterprise or Activity Category	Proportion of Worker (%)
Industry	10.2
Transport, Communication & Construction	12.4
Agriculture & Forestry	29.7
Trade & Catering	42.7
Healthcare, Physical Training, Social Security, Education & Science	1.3
Finance, Credit, Insurance, Housing & Communal Services	2.0
Other Branches	1.7
TOTAL	100.00

Source: *Goskomstat* 2002 figures (see Sinyavskaya & Popova 2005).

among the citizens attest to the overlap and complementariness of the formal and informal spheres (Jütting, Parlezliet & Xenogiani 2008: 18; Williams 2011). This is somewhat substantiated by the similar responses – tax evasion and non-contractual but binding social networks – of the two sectors to bureaucratic and regulatory challenges of the day (Yakovlev 2001; Ledeneva 2003; Choi & Thum 2005). But how is the Russian government responding to this momentous informality?

3.2.5.3 General Informal Sector Policy Approach and Direction

The official attitude of the Russian government to informal employment is somewhat mixed and ambiguous: Karabchuk (2012: 33) has summarised this policy platform as motley of ‘strict regulations and poor law enforcement.’ The lack of clear policy content derives partly from the segmented nature of its labour market (Round 2004; Aidis & Adachi 2005) and partly from the fact that Russian’s large informal sector is a creation of what of what Choi and Thum (2005) depicted as ‘government-induced distortions’. Over the years, the mounting socio-economic challenges of poverty and marginalisation have outstripped the welfare-provisioning capacity of

government, leaving in its place a kind of negative laissez-faire ‘*elite* attitude’ of passive acquiescence (Round, 2004). The predatory nature of many regulatory agencies and their corrupt agents often forces entrepreneurs to resort to informal or ‘unofficial’ practices that sidetrack the law (Friedman, et al. 2000; Yakovlev 2001; Choi & Thum 2005; Aidis & Adachi 2006 for example).

As such, despite the negative economic and socio-political effects of informality, many scholars consider its intended purpose and propitiousness. Whereas Guariglia & Kim (2001: 16) have seen moonlighting as “an effective incubator for setting up new self-employed business”, Karabchuk (2012) dwells on the job creation and income generation capacity, flexible labour relations, as well as the economic verve induced by the informal employment. Even though, the federal government had initiated series of policy reforms in the 2000s aimed at improving the general *business environment* in the country; the benefits for remaining formal and the cost of informality remained quite low (Stavytskyi 2011). For instance, the formalisation programme in 2000 has reduced the tax rate for small enterprises, making it among the lowest in the industrialised world, tax evasion – and as a consequence, informality – has remained pervasive in Russia (Friedman, et al. 2000; Aidis & Adachi 2006).

3.2.6 The Netherlands

3.2.6.1 Introduction

The Netherlands is a prosperous Western European country with a population of just 16,616,000 million people and a huge GDP of US \$779,356,291,391 billion (World Bank 2012). Consequently, it is classified in the High Income developed country by the World Bank, and like other industrialised OECD-member nations, the Netherlands has a small informal economy estimated in 1999/2000 at a mere 13% (Schneider, 2002). This low incidence of informal sector or economy – among the least in Western (OECD) Europe since it falls well

below the 18% average for the region – is connected, on the one hand, to the country's economic wellbeing⁵⁰, and on the other hand, to its elaborate welfarist policies. The Dutch informal economy provides an example of the effects of institutional transformation in informality dynamics in the typical developed 'Social Democratic Welfare State' (see Portes & Haller 2005: 411). Renooy (2001: 236) is of the view that these institutional changes have caused "various activities in the social economy have been taken by private for-profit or public entities, while activities originally initiate in the informal sector have shifted into the social economy"⁵¹. Against the background of a well regulated corporatist Dutch economy, such social provisioning outcomes seem to be related to the diminished prospects of informality in the Netherlands but also to general de-emphasis in the direct application of the informal sector concept in both official and academic circles.

3.2.6.2 Definition of the Informal Sector and the Nature of Linkages with the Formal Sector

The definition of the informal sector as applied to the Netherlands corresponds to the so-called 'legalist' definition. It refers to apparently beneficial activities that evade tax and regulations, on the one hand (Renooy 1990) and undeclared work, on the other (Williams & Renooy 2008). The work description of such 'small-scale, labour-intensive, mainly low-skill'⁵² enterprises includes:

“activities aimed at producing positive effects on income (for persons executing the activities and/or for persons receiving the results), for which the terms of legislation and regulations (planning requirements, social security legislation, collective labour

⁵⁰ Several cross-country analyses of the size of informal sector across the world do confirm its inverse relationship with national economic growth and development (see Schneider, 2002; Antunes & Cavalcanti, 2002 for example).

⁵¹ Renooy (2001) provides an elaborate description of the structure and function of the Dutch welfare system. The various instruments and institutions for job creation, training, unemployment allowances include: the Social Labour Provision Act of 1967 (*Wet Sociale Werkvoorziening, WWW*), the Active Labour-market and Social Security Policy, the Jobseekers Insertion Law (*Wet Inschakeling Werkzoekenden, WIW*) of 1998, and the Neighbourhood Development Schemes (*BuurtBeheer Bedrijven*).

⁵² Kloosterman, Van der Leun & Rath (1999: 262)

agreements, and the like) applicable to the activities are not being met” (Renooy, 1990: 24).

Perhaps, one distinctive feature of informal economy studies in the Netherlands is the tendency for Dutch scholars to pursue it in the context of (im)migrant or ethnic businesses (or entrepreneurship) (see Kloosterman, Van der Leun & Rath 1999; Rath & Kloosterman 2000; Rath 2001; Jansen et al. 2003; Sahin, Nijkamp & Baycan-Levent 2007; Sahin, Baycan & Nijkamp 2011 for example). Rath (2001) disparages this nearly three decades academic approach, which he traced back to the liaison that started in 1978 between the government and social science researchers with the inauguration of the Advisory Commission for Research into Minorities (ACOM). According to him (Jan Rath), the resultant academic outputs are so descriptive and diffusive in nature that they border on ‘academic provincialism’; and as such “there is little connection with theoretical writings in other countries, and ... *as regarding* the territory of international comparative studies they have made no real contribution to the advancement of theory” (p. 160, *my addition*).

The estimated number of ethnic entrepreneurs in the Netherlands in 2004 is estimated at 692,878 – whereas out of this number, only 70,028 (or 10.1%) are from non-Western origins⁵³, 622,850 (or 89.9%) are ‘native entrepreneurs’⁵⁴ – and still growing (Jansen, et al. 2003: 41; Sahim, Baycan & Nijkamp 2011: 18). The 2004 estimates cited by Sahim, Nijkamp & Baycan-Levent (2007: 36) indicate that about 124,490 entrepreneurs (or 18%) are in the retail industry among 18,070 are ethnic entrepreneurs. Considering the sectoral division of ethnic businesses in the Netherlands, retail and hospitality businesses are predominant among ethnic

⁵³ The break-down of non-Western entrepreneurs are as follows in descending order of significance: Turkish (18,527); Surinamese (11,858); Moroccan (8,634); Chinese (7,096); Antillean (3,452); Iranian (1,725); Iraqi (1,619); Afghan (1,531); Somalian (144); and Rest of non-Western (15,472) (Sahim et al. 2011: 18 quoting Dagevos & Gijssbert 2009: 158).

⁵⁴ A phrase attributed to Van Doorn (1985: 75) who first lamented the introspective segregative-ness of this approach.

entrepreneurs (see Table 3.8.). This steady growth of ethnic businesses is not only demonstrated by the predominance in these two enterprise sectors but also for the fact that they have

Table 3.9 Proportion of Informal Sector businesses by Enterprise Category in The Netherlands (2009).

Enterprise or Activity Category	Entrepreneur (%)	
	Ethnic	Native
Agriculture	2	5
Industry	2	4
Construction	11	17
Wholesale	12	10
Retail	18	18
Hotel & Catering	18	5
Transportation	5	3
Consulting	8	14
Business Services	11	10
Personal Services	10	12
Others	4	3
TOTAL	101	101

Source: Sahim, *et al.* (2011: 19); Quoted from Dagevos & Gijbert (2009: 160).

surpassed the native businesses in other key areas like wholesale, transportation, and business services!

Consequently, skimming through a glossary of these otherwise 'informal business' literature would normally reveal diverse expressions of discreteness such as 'diversities', 'contrast', 'distinction', 'social isolation' (and its cognate, 'integration') between these ethnic (minority) businesses as well as between them and the so-called 'native' enterprises run by Dutch nationals. And just like the criticisms of Jan Rath and some others go, not much attention is paid to linkages among these segmented business types or with the Dutch economy as a

whole. Nevertheless, a number of more recent pieces are beginning to explore, albeit with preliminary allusions, the connecting interfaces between the ethnic businesses (informal) and the formal economy. One good illustration of this reverse gear is evident in this concluding remark by Sahim, *et al.* (2007: 40):

“Migrant entrepreneurs are seen as the future entrepreneurs of the Netherlands. The country is largely dependent for its future welfare on the success of this group of entrepreneurs. The ambition and desire of migrant entrepreneurs to start their own businesses is much higher compared with the native population of the Netherlands. In addition, migrants become more professional and often have sky-high ambitions. Migrant minority businesses mostly fall into the category of Small and Medium-sized Enterprises (SMEs). Such SMEs play a significant role in the domestic economies of most countries.”

Perhaps this new-fangled direction with certain resonance in Nijkamp, *et al.* (2009) and Sahim, *et al.* (2011) for example, would with time motivate in-depth quantitative and internationally comparative researches into the informal-formal economy linkages.

3.2.6.3 General Informal Sector Policy Approach and Direction

In order to stem the tide of immigration and undeclared or informal workers, the Dutch government (like other European governments) have had to tighten most of the permissive post-1980s immigration policies that brought in the so-called ‘guest workers’ and ‘fellow citizens’ (or *rijksgenoten*) from the former colonies (see Rath 2001 for example). This policy change is not without its casualties: in fact, Hartog and Zorlu (1999) have linked the rise and fall of the Turkish informal clothing enterprises in Amsterdam to the stricter enforcement regimes of the labour offices consequent on this policy shift. Generally speaking, the policy approach to informal business in the Netherlands is basically that of formalisation, which embraces such measures that span from the lenient and reconciliatory to the very stringent, such as: (i) facilitating the formalization process; (ii) create a framework for the transition from informality

to formality; (iii) lend support to newly created firms; (iv) reducing (or eliminating altogether) inconsistencies across regulation and government agencies; (v) increasing information flows; and (vi) increasing enforcement (Oviedo 2009).

More specifically, government has sought to create incentives for tax compliance by reducing taxes for lower wage workers and VAT for labour-intensive services, as well as offering tax credits for new jobs created (Oviedo 2009). Another scheme aimed at increasing business information disclosure and flow is the ‘Rich Aunt Agatha Arrangement’ (*Tante Agaath-Regeling*). It derives from the knowledge that small businesses normally source their venture capitals from informal sources (relatives, friends, and acquaintances), and so “by exempting these private moneylenders from certain taxes, such loans will be put under the radar of the tax authorities, thus encouraging businesses to start off on a more formal basis..” (Williams & Renooy, 2008: 29). This way the government hopes to break the ‘informality traps’ that trail such enterprises at the start-up stages.

Though tighter enforcement policies increases economic efficiency – compliance to tax and regulation regimes, it somewhat amounts to situations in which “there were no benefits to labour, losses to capital, and presumably losses to consumers...*and* also losses to the formal sector that sold commodities and services to the informal sector” (Hartog & Zorlu 1999: 179, *my addition*). Regardless, some official tolerance, or what Kloosterman, Van der Leun & Rath (1999: 265) termed ‘the typical Dutch policy of *gedogen*’⁵⁵, informality still persist in the Netherlands as in the cases of: (i) foodstuff sales in mosques; and (ii) sales of *hâlal* meat required by Muslim immigrants under a “flexible set of transitional arrangements for Islamic butchers working with no permits”, among others. Nevertheless, attention appears to be dawning on this ‘enclave’ sector as more recent literature are beginning to conceive migrant

⁵⁵ This term is taken by Kloosterman, Van der Leun & Rath (1999) to mean ‘looking the other way when you must’, and appears synonymous with the popular term ‘benign neglect’, used in informality literature to qualify the ambivalence of government to the sector.

entrepreneurship as a “major economic force in modern urban economies in the Netherlands”, and migrant entrepreneurs as ‘entrepreneurial hero’ (Sahim, *et al.* 2011: 22).

What lessons does this brief analysis of international experiences – covering South Africa, Zimbabwe, India, Brazil, Russia, and the Netherlands (refer to Table 3.10 for summary) – hold for the current attempt at unravelling the policy implications of the spatial-structural relationships of the informal and formal business sectors in urban Nigeria? We shall explore the rich harvest of knowledge from the country studies in the next section.

3.2.7 Summary of Lessons from International Experiences

The above country studies pertaining to their respective informal sector profiles (definition, size, workforce, typology, etc.) and policy responses do yield a number of key lessons. Despite the concerted efforts of the ILO at synchronising the definition of informal sector or economy and the national account statistics, the modes of delineation and policy responses to the sector still differ widely across countries in the world (Charms 2000). In the face of the inherent heterogeneity of informal enterprises and their diverse conceptualisation in the huge plethora of literature on the subject, some scholars advocate ‘country distinction’ as a scale-bound and context-specific template for gauging both the ‘national’ and ‘global’ accounts of the informality story (Mead & Morrisson 1996; Gërkhani 2004: 268). Mead and Morrisson (1996) posit ‘heterogeneity’ and ‘diversity’ as intrinsic characteristics of the informal sector, emphasising variability in patterns of informality across countries as ‘one of the most striking findings’ of their seminal cross-country study. The assortment and relative significance of different enterprise categories from the above review also substantiates this fact. Despite this ample country to country variation, retail trading (barring what sub-categories they are tagged with) emerged as the most dominant informal enterprise in most of the countries reviewed (South Africa, Brazil, Russia, and also Nigeria). This goes to confirm the assertion of many

researchers on street trading (see Bhowmik 2003, 2006; Mitullah 2003; Brown 2006).

Table 3.10: Comparison of Informal Sector Profile across seven (7) different countries.

Country Criteria	South Africa	Zimbabwe	Nigeria	India	Brazil	Russia	Netherlands
Country-region	Africa	Africa	Africa	South Asia	Latin America & Caribbean	Eastern Europe	Western Europe (OECD)
Population (2010) (millions) ¹	49.99	12.57	158.42	1,224.62	194.95	141.75	16.62
Political Economy ²	Upper Middle Income country	Low Income country	Lower Middle Income country	Lower Middle Income country	Upper Middle Income country	Upper middle Income country	High Income country
Gross Domestic Product (GDP) (US\$ billions) 2010 ³	363.91	7.48	202.52	1,727.11	2,087.89	1,479.82	779.36
Unemployment Rate, 2001 (%) ⁴	23.8 (2009)	6.0(1999)	3.90 (1986)	4.3 (2000)	8.3 (2009)	8.4 (2009)	3.4 (2009)
Estimated informal economy Workforce (millions) 1999-2001 (except otherwise stated)	1.93 (Devey, Skinner & Valodia 2006: 8)	0.68 (2004) (Luebker 2008: 30)	17.26 (NBS/SMEDA 2012).	142.07 (Unni 2002: 5; compare with Naik 2009: 5)	27.09 (IBGE, see Jorge & Valadão 2003)	9.19 (Goskomstat)	0.62 (Ethnic entrepreneurs in mid-2004 – Sahin, Baycan & Nijkamp 2011: 18).
Informal Economy in % of GNP, 1999/2000 ⁵	28.4	59.4	57.9	23.1	39.8	46.1	13.0
Definition of Informal Sector/economy	Unregistered or untaxed businesses; excluding Agriculture and Domestic workers (StatsSA 2003)	Neither licensed nor unregistered enterprises employing less than 10 workers; Agriculture excluded (CSO, 2005: 80; Luebker 2008: 30).	Enterprises operating without official regulation and taxation, and employing less than 10 workers (CBN/FOS/NISER 2001a: 2).	“All unincorporated proprietary enterprises and partnership enterprises”; employing less than 10 workers Agriculture and Domestic workers excluded (Narayana 2006: 95)	Non-possession of signed labour card and non-payment of social security taxes; enterprises of less than 5 workers (Merrick 1976; Henley, <i>et al.</i> 2006)	Unincorporated or unregistered household enterprises including agriculture; no size thresholds are specified (Goskomstat).	Synonymous with <i>Immigrant entrepreneurship</i> – SME enterprises enmeshed in informal networks, practices, and production (Kloosterman, Van der Leun & Rath 1999).

Table 3.10 Contd.: Comparison of Informal Sector Profile across seven countries at different levels of socio-economic development.

Country Criteria	South Africa	Zimbabwe	Nigeria	India	Brazil	Russia	Netherlands
Dominant informal enterprise category (the first three).	Retail Trade 47.1% ; Construction 13.1%; Manufacturing 10.4% (Devey, Skinner & Valodia 2006: 10)	Community, Social & Personal Services 58.8% ; Manufacturing 14.7% ; Wholesale, & Retail Trade/ Restaurants & Hotels 10.6% (Luebker 2008: 36)	Wholesale & Retail trade/Vehicle Repairs 53.24% ; Manufacturing 16.79%; Agriculture 16.27% (NBS/SMEDAN 2012: 148)	Trade, Hotel & Restaurant 33.38% ; Manufacturing 31.14 %; Community, Social & Personal Services 11.70% (Derived from Unni 2002: 7).	Retail & repair services 28.83% ; Construction 14.08%; Transformation & Mineral Extraction 10.96% (Brazilian Statistics Bureau, IBGE, October 2003)	Trade & Catering 42.7% ; Agriculture & Forestry 29.7; Transportation, Communication & Construction 12.4 (Goskomstat 2002)	Retailing; Hospitality (hotel & catering); Construction & Services (Sahin, Baycan & Nijkamp 2011).
Evidence & Typology of Informal-formal sector Linkages	Production, sales and purchase linkages; labour market churning; intra-household relationships and transfers (Devey, Skinner & Valodia 2006)	Subcontracting arrangements (Neshamba 1997); upstream & downstream linkages (Tibiajuka 2005: 33); purchase and sales linkages	Production, purchase and sales linkages; weak backward linkages and stronger forward linkages (Arimah 2001; Ijaiya & Umar 2004)	Forward & backward linkages in informal manufacturing, trading and service segment (Popola 1972; ORG 1980).	Labour market churning (Curi & Menezes-Filho 2006) with both sectors having identical responses to labour market regulations – deviation from norms (Neri 2002: 58).	Overlap in formal and informal activities; multiple-job holding (Sinyavskaya & Popova 2005); Jütting, Parlezliet & Xenogiani 2008: 18)	Purchase and sales (trade) linkages not only within the Dutch economy but also with other distant economies Kloosterman 1999: 252)
General Informal Sector Policy Approach & Direction.	Positive and progressive; city level strategy – informal sector master-plans (Geyer 1989; Dewar 2005) and allied social construction. Exemplar: The Warwick Junction Project, Durban (Dobson, Skinner & Nicholson)	Inconsistent policy trajectory: From Apartheid-style repression to benign neglect. From Operation <i>Murambatsvina</i> (Restore Order), to Operation <i>Garikai</i> (Rebuilding & Re-construction).	General absence of direct and coherent policy – benign neglect (Onyebueke 2001; Onyebueke & Geyer 2011); Notable exception is the 2007 <i>Cluster Concept of Industrial Development Strategy</i> .	Positive and progressive inclusive policy strategies; active social mobilisation & advocacy; inclusive planning and administration (for instance, the Delhi master plan-2021).	Reducing informality – regulatory enforcement (Almeida & Carneiro 2007: 31) and simplifying taxation schemes (Oviedo 2009: 4). Support to micro and small enterprises (Freije 2001; Neri 2002).	Policy reforms in 2000s aimed to improve the general business environment in the country; yet, the benefits for remaining formal and the cost of informality remained quite low (Stavytskyi 2011).	Reducing informality – tax reductions, tax credit for job creation, and cutbacks in VAT for labour intensive services (Oviedo, 2009: 48); benign neglect or <i>gedogen</i> (Kloosterman, Vander Leun & Rath 1999: 257)

Source: Author's compilation (Row¹⁻³ - World Bank (2012) *World Development Indicators database*, 1 July, [http://data.worldbank.org/country/: Accessed 3rd May, 2012]; Rows⁴⁻ World Bank (2012) *Data: Unemployment, total (% of total labour force)* [http://data.worldbank.org/indicator/SL.UEM.TOTL.ZS?page=2: Accessed 3rd May, 2012]; Row⁵ – Schneider, F. (2002) "Size and Measurement of the Informal Economy in 110 Countries around the World.").

The distinction between the characterisation of informal sector in developed and ‘less developed’⁵⁶ countries, which Gërkhani (2004) based on the introduction of survivalist or livelihood criterion, still exists – implying that some countries are more lenient with the interpretation of the informal sector than others. In theory, countries according to Oviedo (2009) vacillate between three shades of views on informality: (i) the ‘productivity’ perspective that prioritises informal enterprises as small-scale production units (for instance, South Africa, Zimbabwe, India, and Russia); and (ii) the ‘legalistic/social-protectionist’ perspective that majors on the status of informal employees vis-à-vis the payment of social security and other entitlements by the employer (for example, Brazil); and more recently (iii) the ‘compliance’ perspective that punishes tax evasion and regulation avoidance (in our current case study, the Netherlands).⁵⁷ In fact, the informality perspective that is dominant in a country and how this is enshrined in its laws (or interpreted by the bureaucrats, as in the case of Zimbabwe’s infamous Operation *Murambatsvina*) not only influence often determine the nature and severity of government intervention in the informal sector. The supposed ‘benign neglect’ stance of government has neither guaranteed stable occupancy nor harmonious patterning for informal businesses. Experience has shown that it amounts to stop-gap measure to the management of informal sector businesses; and that, requisite informal sector plans of sorts seen in India and South Africa represent a significant advance in urban planning and governance (see Delhi Development Authority 2005; *for India*; Dewar 2005; Ligthelm 2005; Skinner 2008 *for South Africa*).

The second important lesson from the country studies borders on the embeddedness of informality, and how this is translated in diverse cultural and socio-political realities (see Portes & Böröcz 1988; Kurkchian 2000; Bernabè 2002; Kim, 2003; Gelman 2004; Williams 2011 *for*

⁵⁶ Klarita Gërkhani (2004) uses ‘less developed countries’ in a more composite sense to encompass developing, centrally planned and transition countries.

⁵⁷ Ana-Maria Oviedo attributes the former two perspectives to Perry et al. (2007), and the latter to Roberta and Honorati (2008).

Russia; Kloosterman *et al.*, 1999 *for the Netherlands*). Of course, the interface between informality and formality is not only fluid and dynamic (as Kloosterman, *et al.* 1999 have aptly argued⁵⁸) but also has historical/developmental dimensions (Ybarra 1989: 216; Garnet 2001 for instance), as well as ethno-cultural/traditional origins. This is probably why informality as a research theme is as popular today as it is contentious. As earlier stated, one of the most valuable offshoots of this ongoing debate in the social sciences and urban studies is what Harrison (2006: 324) refers to as the “rescuing and recognising secreted logics and forms of knowledge”. This course of knowledge production is still ongoing and do account in large measures to the progress made so far in informality research (see Harrison 2006; Watson 2009a).

Another noteworthy lesson, the third one, is the continuing realisation in informal sector literature that informal-formal linkages (both its spatial and structural dimensions) is mediated by – to use Williams’ (2011) expression – ‘complex and multi-layered relationships’ between not just firms but people. Gërkhani (2004: 294) attributes this new awareness in informality debate to the field of public choice theory, which construes “the combination between the formal and informal economy is an outcome of various agents’ (government, voters, interest groups) interaction.” A clear proof of this allusion can be seen in Valodia, *et al.* (2006) that outlined labour market churning and intra-household relationships/transfers as substantive evidence of informal and formal sector linkages in South Africa. This may perhaps hold the answers as to why countries, like India and South Africa with strong and well developed informal sector associations/unions and advocacy groups, have more broad-minded and inclusive informal sector policies⁵⁹.

Moreover, it bring to mind the fact that the so-called *formalisation process* need to be

⁵⁸ They believe that the definition/delineation of informal economic activities is “wholly contingent on the regulatory context and this may differ from time to time and from place to place” (Kloosterman, Van der leun & Rath 1999: 256). They went on to demonstrate with the cases of prostitution and immigrant workers in the Netherlands, and the sale of cigarettes in Italy.

⁵⁹ Contrast this with Zimbabwe, which has several informal sector unions and associations but have generally made little or no socio-political impact because of most of them are still at the rudimentary stages of formation (see Ndlela, 2006).

expanded beyond the current economic-driven registration/compliance structure to include the extension of planning benefits as well as physical, financial and social infrastructure to this marginalised sector. In this regard, the Netherlands, with its consistent and innovative policy/programme thrust aimed at making the informal sector tie in better with the formal sector, provides an emulative test case. Mead and Morrisson (1996: 1617) were the first to speculate about the precise meaning of the process of ‘formalising the informal sector’, and the actual significance of “registration, fiscalisation and general legalisation” to the growth and modernisation of small enterprises. With inference from India and South Africa, the two countries in our case study that present typical best practices of amenable informal sector policies and programmes that have, among other things: simplified registration procedures; incorporated dialogue in dealing between government agencies and informal entrepreneurs; and planning/providing fitting facilities for informal business clusters (refer to Table 3.10). Regarding the importance of clusters in the development of small businesses (Pedersen & McCormick 1999), attention is drawn to the structural and spatial correspondence between: one, the largely unimplemented Zimbabwean UNIDO ‘clustering and networking approach’ of 1999; (ii) the basically dormant Nigeria’s Cluster Concept of Industrial Development Strategy (CCIDS) of 2007; and (iii) the Delhi (India) master-plan with an elaborate incorporation of the informal sector in its five-tier system of commercial structure. Evidently, the role of policy in shaping or reshaping, to use Anita Spring’s (2009) apt phrase, the ‘full landscape of entrepreneurship’ cannot be over-emphasised.

The research will then proceed to the next Chapter, where it explore the socio-economic processes of employment and urbanisation are (re)shaping the Nigerian urban system, and the relevance (or irrelevance) of the contemporary theories of urban form to this milieu. Besides urban areas exhibit functional characteristics at different but interlinked spatial dimensions from the global to intra-urban levels (Andranovich & Riposa 1993; Herbert & Thomas 1997).

CHAPTER 4: URBAN SYSTEMS AND INDUSTRIAL EVOLUTION IN NIGERIA

While economic development is enormously important, it is only one part of the overall process of modernisation that includes the transfer of the social, the cultural, and the political sphere along with that of the economy. Industrial systems can be imposed on non-industrial cultures, but will not flourish unless concomitant, even prior, changes have occurred in the institutional structures of a given society, as well as in the consciousness of its individuals (Briggite Berger 1995: 3).

The Chapters deals with the nature and evolutionary structures of the Nigerian urban system. It assesses how the country's industrial/economic policy regimes over the years have directly or indirectly shaped the country's *urban business landscape*. It therefore offers us the opportunity to explore the diverse economic, socio-political and cultural activity factors that affect urban system dynamics at different spatial scales or levels. Chapter 4 is divided into three sections, namely: one, the stages in Nigeria economic and industrial development; two, the policy environment and formal-informal sector linkages in Nigeria; and three, theorising the Nigerian urban economic landscape.

4.1 THE STAGES IN NIGERIAN ECONOMIC AND INDUSTRIAL DEVELOPMENT

The area that later became Nigeria is one the few places in West Africa that supported ancient urban development before the advent of Europeans (Mabogunje 1965; see also Clark 1998: 89; Njoh 2005). As a rule, most treatises on Nigerian urbanism take on a three-phase classification based on the country's colonial experience, viz: the pre-colonial, colonial, and the post-colonial eras (see Mabogunje 1965, 1968; Onyemelukwe 1977; Onokerhoraye & Omuta 1994: 137-150). Here we adopt the same pattern.

4.1.1 Pre-Colonial Urbanism in Nigeria (Before 1885)

As far back as the early mediaeval period (between the 5th and 11th Century), scores of urban settlements had sprung up across the vast track of land now known as Nigeria, and over 25 of

these ancient cities and town are known to have populations estimated in excess of 20,000 (Mabogunje, 1965, 1968).⁶⁰ In the northern part, centres like Kano (30-40,000), Zaria (40-50,000), Sokoto (120,000), Yerwa, Gobir, and Katsina had achieved prominence. In the southern margin, other notable centres had also emerged, namely: Ibadan (100,000), Abeokuta (100,000), Ilorin (100,000), Iwo (50,000), Oyo (40,000), Ogbomoso (30,000), and others in the west; and Bonny, Brass, Old Calabar, Kalabari (New Calabar), Aboh, and Onitsha in the eastern axis. Though these towns and cities were products of indigenous political, socio-economic and cultural structures complemented by periodic linkages afforded by inter-kingdom trade, they were however largely fomented in disparate urban systems.

The then dominant kingdoms of Kanem-Bornu and the Hausa states in the north, along with the Yoruba and Opobo kingdoms, as well as other sovereignties down south provided the secure and orderly environments, which eased socio-economic organisation and contact that gave impetus to these pre-contact urban centres of commerce and long distance trade (Mabogunje 1965, 1968; Onyemelukwe 1977: 22; Onokerhoraye & Omuta 1994: 137-139). Most of the ancient towns and cities in northern Nigeria developed as nodes along the southern section of the Trans-Saharan Trade route which provided trade linkages with North Africa and the Middle East; whereas those in the south were mostly trading depots located at the Atlantic coast or further inland in the case of Aboh and Onitsha (see Figure 4.1). Under traditional economic system, common items of trade include hand-woven textile, leather works, trona or *natron*, indigo, ivory, shea butter, gum, palm oil, salt, horses, slaves, etc., and these corresponded with the accessible skills and services at that time, prominent among which are cloth weavers, the tailors, leather tanners/dressers, blacksmiths, sawyers and carpenter, potters, etc (see Mabogunje 1965; Ajayi 2007 for example). In many respects, these centres are founded

⁶⁰ The 1885 date does not however preclude the fact that significant trading ventures by European merchants had started by 1852 in Lagos, a former slave port town. This is sequel to the bombardment of this indigenous town in 1851 by the British that saw to the end of slave trade. The 1885 date is used here because it marks the effective date of British occupation and administrative control of the Nigerian territory following the famous Berlin Conference of 1884 (Mabogunje, 1965: 419).

on *endogenous* urban economic systems made up of informal activity systems established under strong traditional kingdoms. This is however contrary to the Euro-American prescription of urban evolution that had restricted the notion of ‘self-generated urbanisation’ (as against ‘dependent’ urbanisation) to the ‘historical turning points’ in urban formation in the West (Clark 1998: 88).

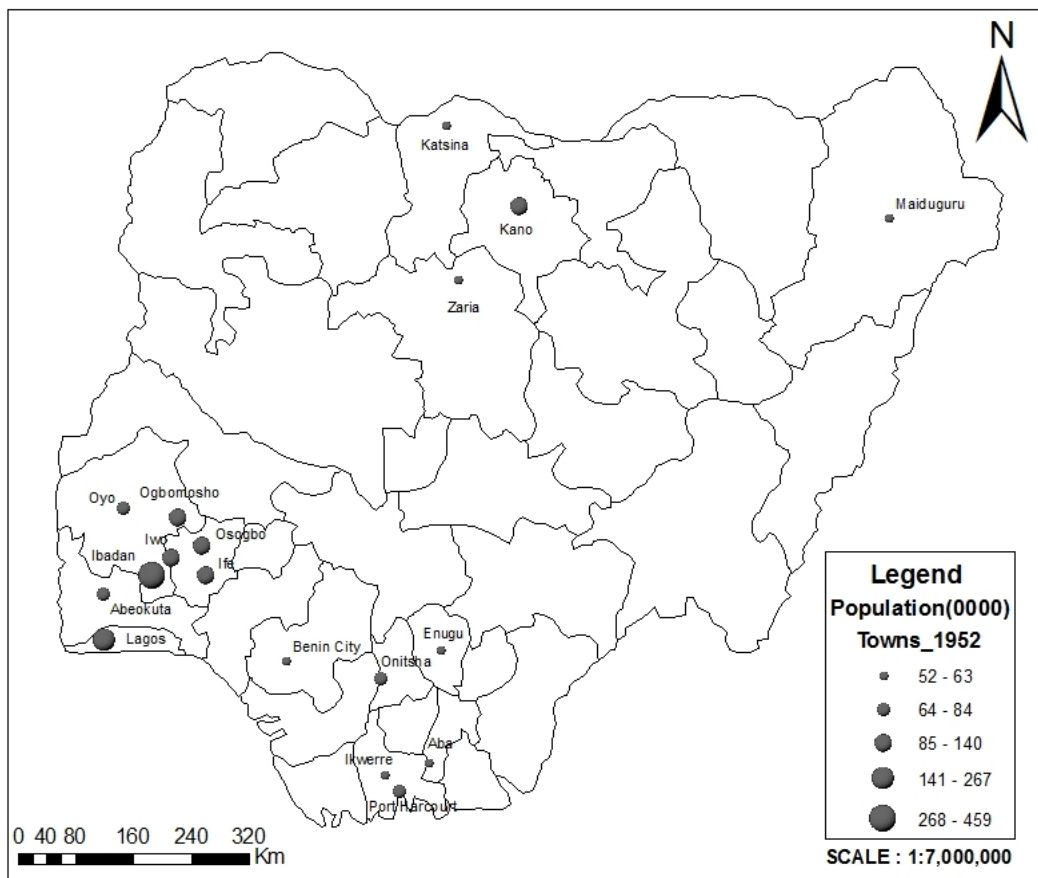


Figure 4.1 Pre-Colonial Urban Systems in Nigeria (Ibadan in the West and Kano in the North were dominant centres in the era)

4.1.2 Colonial Urbanism in Nigeria (1885-1960)

Following the famous Berlin Conference of 1884 that led to the partitioning and colonisation of Africa, the British administration took over the political and economic affairs in the territory that much later in 1914 became known as Nigeria. The colonial political economy gave fresh impetus to the existing indigenous or pre-contact urbanism by creating “a new spatial economic

integration” (Mabogunje 1965: 419) based largely different systems of towns and cities. Essentially, this was the necessary outcome of the installation of colonial governance, whose strategic policy anchor was natural-resource exploitation/export and the corresponding import of manufactured goods from Britain (Mabogunje 1965, 1968; Onyemelukwe 1977; Onokerhoraye & Omuta 1994: 140-145). Industrialisation of the country was not part of the policy reckoning as a number of foreign trading companies such as United African Company (UAC), United Trading Company (UTC), John Holt, and Paterson Zochonis (PZ) dominated the nascent market economy. Consequent on this, traditional craft industries of the pre-colonial economy such as cloth weaving and dyeing, blacksmithery/iron-working, as well as ivory and wood carving came under serious neglect. Meagher’s (2007) treatise is an eloquent illustration of recession and revival of traditional weaving cluster in the ancient town of Ilorin. At this point in the country’s urban-economic history, there were clear divergences between the formal sector (colonial administrative and commercial structures) and the informal sector (traditional craft/technology and market trading). Any talk of structural and, to say the least, spatial relationships between these visibly separate economic sectors seemed a tall order since such partitions and the consequent neglect of traditional craft industries were in fact default outcomes of deliberate colonial policies (see Mabogunje 1965: 420; Onokerhoraye & Omuta 1994: 149 for example). Indeed, “these enterprises (UAC, John Holt, and PZ) rejected industrialisation in Nigeria to protect their own business interests and were supported in this by the policy of the British government” (Onokerhoraye & Omuta 1994: 149).

The main frame of this inland-to-coastal evacuation regime was first the railways (constructed between 1895 and 1927), and from 1918⁶¹ complemented by a partial network of main and feeder roads. Together they facilitated the links between areas of agricultural/forest produce, mineral deposit, and administrative centres down to the *port towns* of Lagos and Port

⁶¹ Onokerhoye and Omuta (1994: 145) believe that this date corresponds with the efficiency and cost-saving innovations in motor vehicle manufacturing introduced by the American Ford Motors.

Harcourt; and in creating its own system of towns almost completely displaced earlier pre-colonial one. Onyemelukwe (1977: 24) has hinted that:

“This drastic disorganisation of the country’s urban hierarchy is best graphically illustrated with the fortunes of Sokoto, Kano and Kaduna. Kano rose from an estimated population of 30,000 in 1850s to 127,000 in 1952⁶², superseding Sokoto which declined from 120,000 of its political heydays in the 1850s to only 52,000 in 1952. On the other hand, Kaduna which in 1952 had become the seat of political administration in the north had then a population of 45,000 even though it had no place in Nigeria’s pre-1900 urban system.”

Consequently, along with the *port towns* of Port Harcourt (also a provincial headquarters) and Lagos (the national capital) a new urban hierarchy arose, and it comprised of: (i) the *mineral towns* like Enugu (coal mining and (regional) administrative headquarters of the Eastern region), Jos (tin mining and provincial headquarters), Ewekoro, Ukpilla, and Nkalagu (gypsum for cement manufacture); (ii) *agro-produce towns* like Ibadan (cocoa and administrative headquarters of the Western region), Kano (groundnut), Zaria (cotton), and Benin City (timber and rubber, provincial headquarters of the Mid-Western zone); (iii) other *administrative towns* like Kaduna (administrative headquarters of the Northern region) and Calabar (a provincial headquarters); (iv) *transit/confluence towns* like Lokoja, Ilorin, Abeokuta, and Kafanchan that benefited from strategic positions alongside transportation routes. Ultimately, this factitious urban system which developed under the colonial regime engendered three categories of towns: one, are town that were essentially a creation of the colonial administration (such as Enugu, Onitsha, Aba, Port Harcourt, Calabar, Jos, and Kaduna); two, pre-colonial towns that continued to flourish due to the conferment of either administrative or

⁶² 1952 was a notable year in Nigeria’s political history because it marked the commencement of series of events that informed British colonial exit. Important among these events are the adoption of the Macpherson Constitution and the policy shift towards industrialisation that took place three years later (i.e., 1955). Along with introducing an elective form of parliamentary system, the Macpherson Constitution created three regional governments (the Northern, Eastern, and Western regions) in place of the provincial administration with headquarters in Kaduna, Enugu, and Ibadan respectively.

economic/commercial roles by the colonial master (e.g. *Lagos*, Ibadan, Oshogbo, Shagamu, and Abeokuta in the west; Kano, Zaria, and Benin City; and three pre-colonial towns that shrunk in both size and importance because they were largely bypassed by the transportation routes and in the new political/economic order (e.g. Sokoto, Yerwa (Maiduguri), and Katsina in the north; Oyo, and Iwo in the western part of Nigeria).

Evidently, the observed relative rate of population gain and loss among the different classes of settlements in the country at that time reflected two dominant patterns of migration – rural-urban and urban-urban migration. According to Onyemelukwe (1977: 24), whereas the former often involved “occupational mobility from primary activity (agricultural, forestry or fishing, or the like) to secondary or service industry” (productionism), the latter entailed other socio-economic factors of better-paying jobs and improved standard of living (environmentalism). With the multiplication of manufacturing sector employment in the major towns following the policy shift by government towards industrialisation in 1955, these migratory cycles however took phenomenal dimensions. Onokerhoraye and Omuta (1994: 149-150) have attributed this reversal towards industrialisation to the declining market share of agricultural produce exportation as well as finished product importation/sale after restrictions against non-European companies were lifted. Hence, “the installation of manufacturing establishments was a promising opportunity to gain a foothold in the expanding Nigerian market” (Onokerhoraye & Omuta 1994: 150). *Valorisation* industries like oil mills, cotton ginneries, power-driven saw-mills, palm kernel and groundnut crushing, leather tanning, and oil seed milling which “involved the carrying out of the initial processing of raw materials with the object of removing waste matter, improving the quality or converting the produce into a form in which it could be more easily stored” dominated the urban manufacturing scene (Ajayi, 2007: 142). Tables 4.1 and 4.2 show the some of the effects of these trends on the country’s urban system.

Furthermore, Table 4.1 reveals a decomposition of this urbanisation pattern by urban centres. The dataset sourced from Onyemelukwe (1977) was actually based on the annual population growth rate formula:

$$r = \left(\frac{\ln P_1 - \ln P_0}{t} \right) \times 100$$

[Where r = annual growth rate of urban population; P_0 = urban population in 1952/3; P_1 = urban population in 1963; and t = inter-censal period of 10 years.]

Though with a rather high average annual growth rate of about 6-7 % recorded in the colonial period of Nigerian history, the high-points and the low-points indicate the relative economic, administrative, as well as location cum transportation advantages of the urban centres subject to the particular region of influence. For instance, Ibadan the thriving ancient city and regional

Table 4.1 Urbanisation Trends in Nigeria (1890-1963)

Year	Changing urban frequency		Changing urban population	
	Urban Centres (20,000 or more)	Percentage Increase (%)	Total Urban Population (000)	Percentage of National Total (%)
1890*	25	-	839	-
1953	56	124	3,214	10.6
1963	184	228.5	10,745	19.3

*Estimates only

Source: Onyemelukwe (1977: 25) and based on: (a) Federal Government of Nigeria, FGN (1953) *Population Census, 1952*, Federal Office of Statistics, Lagos; (b) FGN (1970) *Annual Abstract of Statistics*, Federal Office of Statistics, Lagos; and (c) Mabogunge (1968) *Urbanisation in Nigeria*, London: University of London Press.

headquarters of the Western region – evidently the most urbanised part of the country (see Figure 4.2) – was the clear leader. It will be quite interesting to observe how this characteristic urban system has changed many years after Nigeria's independence from British colonial rule in 1960.

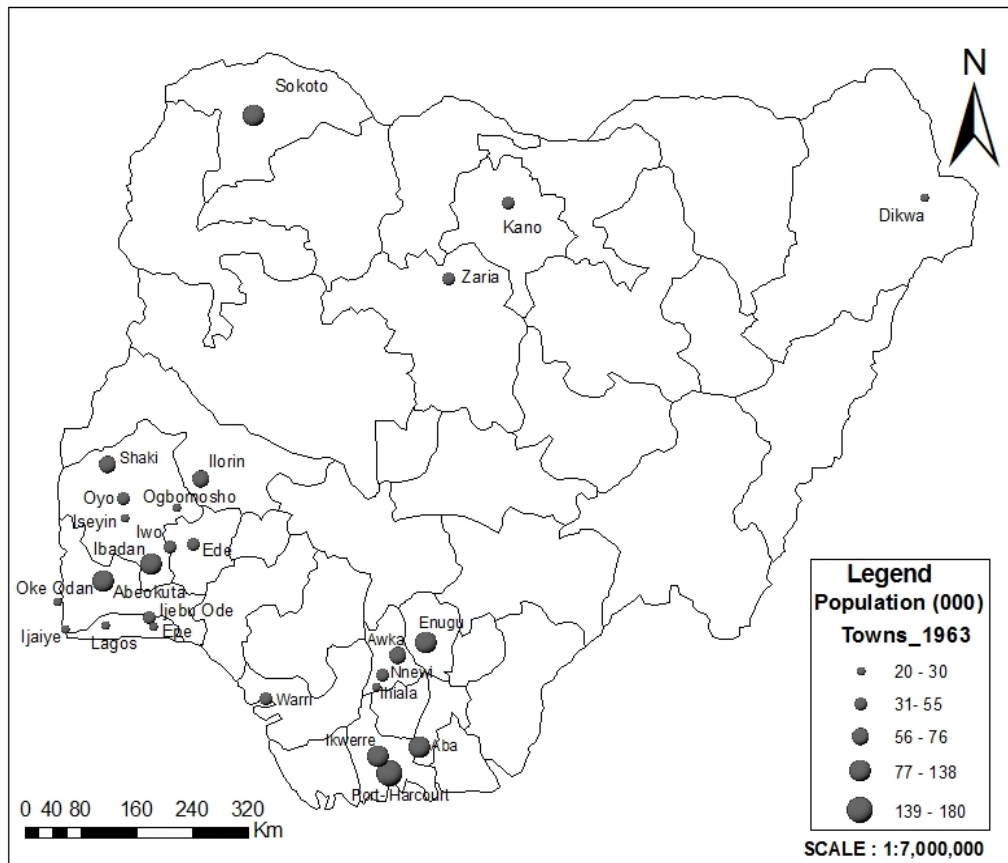


Figure 4.2 Colonial Urban Systems in Nigeria (Notice the predominance of Ibadan)

4.1.3 Post-Colonial Urbanism in Nigeria (1960-Present)

Many of the underlying factors in Nigeria's colonial urbanism persisted long after its independence in October 1960. Two interrelated events of administrative easement and industrialisation continue to be implicated in the urban substantiation and hierarchy in Nigeria (see Table 4.3). In other words, the proliferation of administrative centres and the consequent infrastructure/capital investments in the various capital town/cities have remained the key determinants of Nigerian urban-system dynamics.

Table 4.2 Population of Major Towns (20,000 and Over) in Nigeria between 1952/53 and 1963.

Town	Pop. in 1952 (000)	Pop. in 1963 (000)	Growth Rate (%)	Town	Pop. in 1952 (000)	Pop. in 1963 (000)	Growth Rate (%)	Town	Pop. in 1952 (000)	Pop. in 1963 (000)	Growth Rate (%)
Ibadan	459	627	3.1	Sokoto	52	90	5.8	Kumo	29	65	8.4
Lagos	267	665	9.5	Iseyin	50	95	6.6	Oka	28	62	8.2
Ogbomosho	140	320	8.6	Calabar	47	76	4.9	Nnewi	28	44	4.6
Kano	127	295	8.7	Kaduna	45	150	12.8	Shaki	28	76	12.6
Oshogbo	123	210	5.5	Ede	45	135	11.6	Ikirun	26	80	11.8
Ife	110	130	0.3	Ilorin	41	209	17.6	Illa	26	115	16.0
Iwo	100	159	4.7	Gasau	40	69	5.6	Ilorra	26	22	-1.7
Abeokuta	84	187	8.3	Akure	39	71	6.1	Ikare	25	61	9.3
Onitsha	77	163	7.7	Jos	39	90	8.7	Fiditi	24	27	1.2
Oyo	72	112	4.5	Ilobu	38	87	8.6	Ihiala	24	40	5.2
Port Harcourt	72	180	9.5	Ondo	36	74	7.4	Ijebu-Ode	24	69	11.1
Enugu	63	138	8.1	Ilesha	34	166	17.1	Nguru	23	48	6.4
Ikwerre	63	104	11.7	Sapele	34	61	6.0	Aku	21	X	-
Aba	58	131	8.4	Okene	33	X	-	Offa	21	86	15.1
Maiduguri	57	140	9.4	Mushin*	32	146	15.1	Eha-Alumona	20	X	-
Benin City	54	101	6.4	Owo	31	80	9.9	Ikire	20	54	10.4
Zaria	54	166	11.8	Shagamu	30	51	5.4	Okija	20	X3	-
Katsina	52	95	6.6	Eha-Amufu	29	X	-	Warri	20	55	0.6

Source: Onyemelukwe (1977: 27-28); Computed from: (a) *Population Census, 1952/3*, Federal Office of Statistics, Lagos; (b) *Annual Abstract of Statistics*, Federal Office of Statistics, Lagos. **Note:** X –Not available from source; *Mushin is a suburb of Lagos. The figures had to be sourced fromdue to an obvious error the Onyemelukwe's (1977) figures – Population (1952) of 321,000; Population (1963) of 258,000; and a growth rate of 16.1% (further misquoted as 23.2% within the text!).

Table 4.3 Population of Major Cities (over 300,000) in Nigeria between 1963 and 1991*.

S/N	City	Pop. in 1963 (000)	Pop. in 1991 (000)	Growth Rate (%)
1	Lagos	665	5,195	7.3
2	Kano	295	2,167	7.1
3	Ibadan	627	1,835	3.8
4	Kaduna	95	994	8.4
5	Benin City	101	763	7.2
6	Port Harcourt	180	703	4.9
7	Maiduguri	140	618	5.3
8	Zaria	166	612	4.7
9	Ilorin	209	532	3.3
10	Jos	90	510	6.2
11	Aba	131	500	4.8
12	Ogbomosho	320	433	1.1
13	Enugu	138	408	3.9
14	Oyo	112	370	4.3
15	Warri	55	363	6.7
16	Abeokuta	187	353	2.3
17	Onitsha	163	350	2.7
18	Sokoto	90	330	2.9
19	Okene	X	313	-
20	Calabar	76	311	5.0

Sources: 1963 Population Census; 1991 Population Census; Percentage Growth rate is own calculation using annual population growth rate formula: $r = \left(\frac{\ln P_1 - \ln P_0}{t} \right) \times 100$. Note: The author limited the calculation of

population growth rate to 1991 population census because, quite strangely, the more recent 2006 population and housing census did not decompose the figures by urban and rural settlements.

This is clearly substantiated by series of politico-administrative events that imbued either new or additional prominence to a number of urban centres, viz:

1. creation of a fourth administrative region out of the Western region (the Midwest region with a capital in Benin City) in 1963;
2. the division of the country into 12 new administrative units (or states) in 1967 with state capitals in *Sokoto* (North-Western State), *Kaduna* (North-Central State), *Maiduguri* (North-Eastern State), *Kano City* (Kano State), *Jos* (Benue-Plateau State), *Ibadan* (Western State), *Lagos* (Lagos State), *Ilorin* (North-Western State), *Benin City* (Mid-

Western State), *Enugu* (East-Central State), *Calabar* (South-Eastern State), and *Port Harcourt* (Rivers State); and

3. the number of states have however risen over the years – reaching 19 in 1976, 30 in 1991, and 36 in 1996 – and each time either accentuating the old capital cities or the most strategic in the newly created states. (For instance, whereas *Kaduna*, *Enugu*, and *Ibadan* have remained capital cities from colonial periods, the capital status of all the other key cities in columns (i) and (ii) dates back to 1963 and 1967 respectively).

With this diversification of the urban system, industrialisation naturally followed an urban-based pattern, favouring “urban centres located in export producing areas, federal, regional or state capitals as well as those with a high concentration of population have tended to attract most of the industries in the country” (Onokerhoraye & Omuta (1994: 150-151). Consequently, the larger towns with initial administrative, resource, and other locational advantages during the colonial period continued to grow even bigger (in size and population) while a number of other intermediate and smaller towns continued to spring up. From the sparing urbanisation statistics of the country available, we can see a consistent growth from a rather minute percentage urban population of merely 19.3% in 1963 to the current moderate figure of nearly 50%, coupled with an average annual urban population growth rate of about 4.8%. – show that it is in the late stages of *premature urbanisation*.

Essentially, this post-colonial phase of urbanisation was motivated by rural-urban migration in response to emerging job openings in the Civil Service and industrial establishments. Between 1965 and 1972, industrial development accounted for a significant growth in urban employment of over 250% (from 66,466 to 167,626) and the manufacturing value-added expanded by nearly 400% (from ₦129.0 million to ₦494.9 million in Nigeria (Mabogunje 1977: 42). Although the country had no formal industrial policy, the decade is viewed in retrospect as the ‘golden era’ of Nigerian industrialisation since ‘value – added in manufacturing grew by an average of 11.4 percent’ and by 1965 manufacturing as a share of the

GDP had already reached 6%, a figure not yet significantly surpassed till date (AIAE 2006:3; see also Ikpeze 2004). Most of these industries were located in the nascent industrial estates of major cities like Lagos and Kano with moderate concentration in other urban centres like Ibadan, Port-Harcourt, Sapele, Jos, Kaduna, Zaria, Aba, Benin and Enugu (Mabogunje, 1965; Onyemelukwe, 1977; Onokerhoraye and Omuta, 1992: 158; Ajayi, 2007). The minor *industrial towns* include Calabar, Ilorin, Ondo and Abeokuta. The respective growth rates of these urban centres easily betray their role as destinations of hope to streams of job-seeking rural migrants (see Table 4.4). It is obvious from Tables 4.2 and 4.3 that population concentration correlates with industrial location!

As in the colonial-era phase, post-independent industrialisation in the country was essentially has a “common history of import dependence and low export orientation”, and as such did not lay foundation for *endogenous* development because in the years that followed it was to fuel unsustainable foreign exchange dependence (Olukoshi 1991: 2). Mabogunje (1977: 42) characterised it as ‘import-substitution industrialisation’ with the rider that:

“A variety of capital intensive machinery was imported into the country, foreign technicians and managers were brought in and semi-processed raw materials and intermediate goods were also purchased from abroad. Numerous Nigerians were employed to put finishing touches to these commodities and thus get involved in manufacturing activities even if only in a superficial way. [...] compared to the limited employment opportunities provided the civil service and the large-scale European and small-scale African commercial enterprises, manufacturing not only provided a numerical expansion of opportunities but greater variety and prospect of advancement.”

Despite these initial successes, Nigeria was unable to both sustain this ‘numerical expansion of (employment) opportunities’ and reverse this overly import-dependence. Consequently, given the “low degree of backward linkage relation in urban industries...there *existed* no direct link

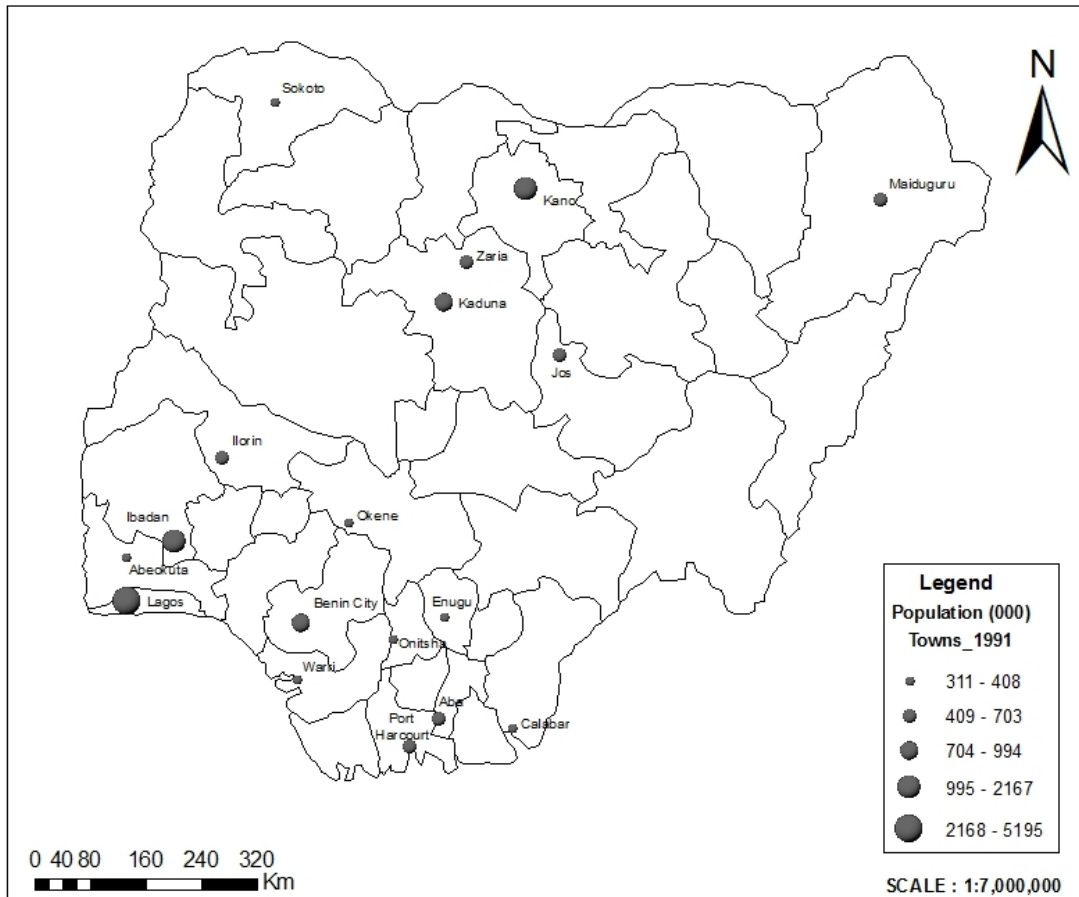


Figure 4.3 Post-Colonial Urban Systems in Nigeria (Notice the predominance of Lagos)

Table 4.4 Urban Unemployment Rates in Nigeria (1974)

City (State Capital)	Unemployment Rate (%)	City (State Capital)	Unemployment Rate (%)
Lagos	7.2	Sokoto	2.0
Ibadan	5.7	Kaduna	6.1
Benin	13.1	Enugu	11.5
Ilorin	1.5	Jos	6.2
Kano	2.2	Port-Harcourt	13.3
Maiduguri	5.0	Calabar	7.0

Source: 1974 Labour Sample Survey; cited in Okorafor and Iwuji (1977: 102).

between rising urban demand for industrial products and production expansion in the rural area”, leading first to the alienation/pauperisation of the rural country-sides, uncontrollable spate of rural-urban migration, and then massive urban unemployment

(Mabogunje 1977: 45-46 *my addition*; see also Onyemelukwe 1977). In the event of burgeoning open unemployment and dwindling wage employment opportunities, the urban informal sector happened to be the indispensable destination for most recent migrants (Fapohunda, Reijmerin & van Dijk 1975; Mabogunje & Filani 1977). Let us examine sequence of policy endeavours by government with the aim of addressing the emergent urban problems and other connected issues.

4.2 POLICY ENVIRONMENT AND FORMAL-INFORMAL SECTOR LINKAGES IN NIGERIA

The industrial policy environment of a country is a major determinant of its *business landscape*. In fact, it is what galvanises the institutional, as well as the human and physical infrastructural milieus which ultimately “influence the efficiency with which different firms and industries operate” (Eifert, Gelb & Ramachandra 2005:7). In the attempt to tackle the enormous economic challenges facing Nigeria in its 52 years history, the nation has pursued series of industrial and development policy strategies, and the major ones include the: Import Substitution Industrial Strategy (1960); First (1962-1968), Second (1970-1974), and Third (1975-1980) National Development Plans; Nigerian Enterprises Promotion Decrees (NEPD), 1972 and 1977; National Rolling Plans (from 1990); Structural Adjustment Programme, SAP (1986) and the Trade and Financial Liberalisation Policy that followed; Small and Medium Enterprises Equity Investment Scheme (SMEEIS) of 1999; the Cluster Concept Industrial Development Strategy of 2007, among other. Without doubt, these policy thrusts and the manner in which they were or are being implemented affect the operational efficiency of Nigerian enterprises. Although these policies focus almost exclusively on the formal sector, we shall discuss them following the above sequence with emphasis on their possible growth and locational implications, especially as it affects the spatial and structural relationship between formal and informal sector business units.

4.2.1 Import Substitution Strategy (1960)

Though it was originally introduced by the British colonial administration, the import substitution strategy was retained by the Federal Government of Nigeria (FGN) in its First and Second National Development Plan (1962-1968 and 1970-1974 respectively). This policy strategy which had been applied in a number of developing countries like Malaysia, Indonesia, and India with some success did not however work very well in Nigeria. Although, it was originally intended to reduce, if not eliminate, over-dependence on imported consumer goods, save foreign exchange, and eventually create the groundwork for endogenous industrial take-off, these policy intentions were never really achieved (Mabogunje 1977; Ukaegbu 1991; Federal Ministry of Industry & Technology, FMIT 1992; Uche 1994; Iwuagwu 2011). Consequently, many Nigerian business retained an ‘assembly line’ characteristic, denominated by “routine production activities, *lack of backward linkage in the economy*, prevalence of highly-package technology, performance of minor operations, lack of ancillary industries, and insignificant or non-existent research and development (R & D) activities” (Ukaegbu 1991: 3-4 *my emphasis*).

Citing Turok (1987), Uche (1994: 53) reiterated the failure of the import-substitution policy has not only led to dependence-sustaining structural linkage deficiencies in not just the Nigerian *business environment* but those of many other African countries:

Perhaps, the biggest failure of policy has been the failure to develop linkages backwards and forwards between agriculture and the rest of the productive economy. Industry does not use the indigenous material resources as a base but continues to look to imported raw materials. Even local minerals are not used or processed. There are abundant supplies of phosphates, limestone, iron, bauxite, and copper, but Africa continues to import fertilizers, cement, iron and steel, aluminium, etc.

Despite the many shortcomings of this policy strategy, some commentators including the FMIT (1992) have conceded that indeed “there was nothing intrinsically wrong with the import substitution strategy but that in the case of Nigeria, the strategy was never followed to its logical conclusion, which should have led to the domestic production of industrial raw materials to substitute the imported inputs” (Iwuagwu 2011: 8). Incidentally, in late 1980s during SAP, when shortages of foreign exchange and import restrictions had to force many industries to source their raw materials locally, only agro-allied industries – much more than intermediate and capital goods industries – were able to cope (Olukoshi 1991).

4.2.2 National Development Plans (1962-1985)

As already mentioned, these development plans were in three successive stages: First National Development Plan (1962-1968); Second National Development Plan (1970-1974); Third National Development Plan (1975-1980); and Fourth National Development Plan (1981-1985). The First National Development Plan sought to lay the foundation for industrialisation by aspiring to establish: an integrated iron and steel complex; an oil refinery to ensure the nation’s participation in the down-stream oil sector; and a Development Bank to provide loans and process foreign investment capital for budding industries (FGN 1962). Also, this foremost plan intended to create industrial estates in the various regions in order to boost industrial location. The Second National Development Plan that followed also continued the industrialisation drive but this time with greater vigour since coming at the end of the 30-months Civil War it had to incorporate reconstruction efforts. This national plan had the following policy objectives: promote even development and fair distribution of industries in all parts of the country; ensure rapid expansion and diversification of the industrial sector of the economy; increase incomes realized from manufacturing activities; create more employment opportunities; promote the establishment of industries, which cater for overseas markets in order to earn foreign exchange; continue the programme of import-substitution and raise the level of intermediate and capital

goods production; initiate schemes designed to promote indigenous manpower development in the industrial sector; and, raise the proportion of indigenous ownership of industrial investments (FGN 1970).

However, the Third and Fourth National Development Plan represents a marked deviation from the two earlier policy documents. The former focused mainly on housing development, urban infrastructure development, and urban-rural linkages (FGN 1975), while the latter also focused on the root-cause of *over-urbanisation* by addressing both population growth and urban-rural linkages. Essentially, these policy strategies signified government responses to the dominant urban problems of the time – massive urban-rural migration, urban unemployment, infrastructure overload and break-down, and environmental deterioration (see Onyemelukwe 1977 for example). Unfortunately, most re-evaluations of Nigeria's industrial policy have tended to indicate a below-average performance score (refer to Ukaegbu 1991; Uche 1994; Ajayi 2007; Iwuagwu 2011). Also, its housing policy performance is not different (Ndubueze & Onyebueke 2011). In particular, the country's long-drawn drive towards industrialisation is yet to take root as most factories in construction, food processing, textile, clothing and footwear, as well as petro-chemical subsector merely undertake secondary-stage processing ('finishing touches') with little or no forward and backward linkages in the Nigerian economy. Moreover, even though the establishment of industrial estates was one of the key policy thrusts, this spatial component of the industrial policy was not fully harnessed at the end of the plan period. This is partly based on own evaluation of the Nigeria government to the effect that at the end of the first policy cycle, only a handful of industrial estate were actually established (FGN, 1970); and partly on the fact that subsequent industrial policies consciously tried to remedy this oversight. Though the informal sector had become a major source of urban employment at this period, neither was any mention nor accommodation made for the constituent businesses in these policy documents.

4.2.3 Nigerian Enterprises Promotion Decrees (NEPD) of 1972 and 1977

The NEPD which is popularly referred to as the ‘Indigenisation Decree’ was first introduced in 1972 and latter reintroduced with additional modifications in 1977. This is essentially the culmination of the prolonged indigenisation policy stance of the Nigerian government that started as early as the late 1940s. The notable milestones in this effort include: (i) the Nigerian Local Development Board that sought to provide business support loans for Nigerian entrepreneurs; (ii) the prohibition of aliens or foreigners from distributive trade based on the recommendation of the 1956 National Committee of the Nigerianisation of Business Enterprises; and (iii) the Expatriate Quota Allocation Board instituted in 1968 to guarantee the involvement of Nigerians in senior management positions in foreign businesses or companies.

Therefore, the NEPD actually arrived to consolidate on these ‘indigenisation’ ideals that aim to safeguard the participation of Nigerian citizens in the then foreign-dominated domestic economy. Principally, the NEPD of 1972 targeted two categories of businesses for either complete or partial transfer (minimum of 40% equity share) to Nigerian hands, namely: Schedule I, those in commercial and service sector like trading and transportation, considered to be within the capacity of indigenous enterprise; and Schedule II consisting of light manufacturing and food processing industries, where joint partnership was still imperative. However, the NEPD allowed complete foreign-ownership for heavy manufacturing sector with highly technological and capital-intensive processes. This policy thrust progressed, raising new anomalies and social challenges such as the over-concentration of the divested equities in few hands until the promulgation of the restructured NEPD in 1977 based on the report of the Industrial Enterprises Promotion Panel of Inquiry set up in 1975. Basically, the NEPD of 1977 divested an addition 20% equity (bringing it to a total of 60%) from the Schedule II-category businesses, and created the Schedule III to encompass the previously unclassified heavy manufacturing sector that were then mandated to divest 40% of their equity holdings to Nigerian investors.

The overall effects of the NEPD on the country's industrialisation and employment regime as it applied to the formal economic sector are well documented (see Inanga 1978; Hoogvelt 1979 for example). Even though it is known to have ensured the effective harmonisation of "foreign interests with the financial interests of a small class of indigenous entrepreneurs", this indigenisation process could neither guarantee managerial autonomy nor technological independence from foreign imperialism (Hoogvelt 1979: 67). To start with, there is serious a lacuna in literature on the direct and indirect impact of nationalist transfer of business holding on the informal sector. But we can however deduce from the ongoing that the informal sector, like its formal counterpart, is shaped by the same technological dependence and 'the continued mercantile orientation' of many Nigerians (Hoogvelt 1979: 67).

4.2.4 Structural Adjustment Programme, SAP (1986)

Another policy thrust that had a huge impact on the levels of (un)employment, income and productivity, and industrial decline or de-industrialisation in Nigeria is the SAP. Between 1983 and 1985, the Nigeria economy had fallen on hard times. Saddled with a huge external debt of US\$22 billion and the massive collapse (nearly 50%) of its industries owing to shortage of foreign exchange necessitated by slump in oil revenue, manufacturing companies and workers resorted to diverse coping and accumulation strategies (Olukoshi 1991; Abdullah 2000: 126). Although the SAP had sought, as Adedokun et al. (2000: 182) succinctly put it, "to restructure and diversify the productive base of the economy; resolve fiscal and balance-of-payment problems; promote sustainable economic growth and create an enabling environment for private sector investments", the policy however not only complicated the *business environment* but also redoubled the hardship suffered by many Nigerians, particularly women (Soetan 1996; Abdullah 2000; Oluremi 2003; Yunusa 2009; Onyenechere 2011). Onyeonuru (2003) has come to a similar conclusion in his analysis of the Food, Beverage, and Tobacco manufacturing subsector.

Many manufacturing concerns (including indigenous, Levantine, and Western transnational corporations) had to cope by adopting diverse strategies, including: investment diversification and export promotion; the rationalization of production and input use; changes in marketing strategies; and the restructuring of managerial relations (Olukoshi 1991: 21). The general adverse economic condition – falling real income, rising social service costs as well as prices of essential commodities – also affected people’s survival strategies and livelihood in distinct and very drastic ways (Bangura 1991; Mustapha 1992; Oyejide 1992; Dowson & Oyeyinka 1993; Ihonvbere 1993; Dowson 1994; Meagher 1995, 2006, 2007; Meagher and Yunusa 1996; Abdullah 2000). Apparently, inevitable cuts in public expenditure and precipitating job losses/closures in both public service as well as public and private companies increased the number of the *unemployed*, *under-employed*, and the *misemployed* – all of which fed into informal employment growth. In as much as some improvement was recorded in both backward and forward linkages in the Nigerian economy during the SAP period (Meagher 1995; Abumere et al. 1996; Arimah 2001), it did not however diffuse the perennial ‘high import-dependence and low export’ orientation of many enterprises in the organised or formal sector. Worse still, this grave deficiency is seen to have been replicated by the informal sector (Williams & Tumusiime-Mutebile 1978; Meagher & Yunusa 1996), at least relative to many other African countries like Ghana and Kenya that implemented SAP (Dowson & Oyeyinka 1993: 65).

4.2.5 The Rolling Plans (1990-1998)

During this development planning period, a number of industrial policies with potentially significant impact on the Nigerian *business environment* were conceived. Based on the problems of policy discontinuity inherent in the former development plan structure, the federal government adopted a new system of 15- to 20-years Perspective or Long-term Plan from which three-yearly rolling plans and the Annual National Budget will derive their allied

programmes. In response to the prevailing industrial constraints – which include scarcity of essential raw materials and other inputs, inadequacy or, most often complete lack of infrastructure, little or non-existent backward linkage in the economy etc – the First National Rolling Plan (1990-1992) came up with the Industrial Master Plan (IMP). The IMP aimed to make the Nigerian industrial system more efficient by harmonising various national strategies in an action plan with specified objectives and targets.

Subsequent Rolling Plans adopted other measures pertinent to reducing the cost of doing business in the country and to stimulate market growth, many of which were actually direct components of the SAP. Such policy strategies include the privatization of public enterprises (and industries) supervised by the Technical Committee on Privatization and Commercialization (TCPC) (1990). Other support measures to the industries and other business concerns in Nigeria came by way of Trade and Financial Liberalisation Policy, the Entrepreneurial Development Program (EDP), the establishment of the Bank of Industry, and a number of other strategies aimed at improving market diversification, access to venture capitals, and creating agglomeration economies among enterprises in Nigeria (For more details, see FMIT 1992; Oriakhi 2001; Udejaja 2003 for example). Beyond mere introspective analyses of these policies, the ways in which most of them impinge on the industrial sector (least of all, the other economic sectors – like the informal sector) have received little or no empirical attention (Ajayi 2007: 151).

4.2.6 Small and Medium Enterprises Equity Investment Scheme (SMEEIS) of 1999

The SMEEIS is an initiative of the Nigerian government to facilitate access of small- and medium-scale enterprises to loan-able funds on a single-digit interest rate in the economic sector which commercial banks ordinarily consider as high risk investment. The scheme was adopted in December 1999 but was formally launched in August 2001 by the Banker's Committee, which is a group made of the Central Bank of Nigeria (CBN) and all registered

banks in the country. The scheme provides that each licensed bank to set aside 10% of its annual profit-after tax for equity investment and the promotion of small- and medium-scale enterprises (SMEs). This is in consonance with government's wider intention of stimulating endogenous economic growth as well as employment (CBN 2005). The investment limit by a bank in a project is 40% of the available funds but not exceeding ₦200 million.

The SMEEIS funds are open to every legitimate and duly incorporated firms with the exception of those in trading/merchandising and financial services. While the second exception is obvious, the first substantiate the scheme's predisposition to productive ventures rather than simple buying and selling. Though the SMEEIS limits the definition of SMEs to "enterprise with a maximum asset base of ₦500 million, excluding land and working capital" (CBN 2005: 1), its sectoral allocation is highly skewed towards larger enterprises in a ratio of 90% maximum for the formal or real sector and 10% minimum for micro enterprises or the informal sector. However, a recent review of the SMEEIS has shown that as at 2009, only 3% of small enterprises and 5% of medium enterprises have benefited from the funds due to very stiff conditions that most SMEs find difficult to meet (Terungwa 2011).

4.2.7 The Cluster Concept of Industrial Development Strategy, CCIDS (2007)

From the second half of the 21st Century, it became increasingly clear to the Nigerian government that past industrial policies and those affecting the *business environment* have been too discrete and uncoordinated in their implementation to make the intended impact. Whereas most of the early teething problems of industrialisation – high import-dependence and low export-orientation, non-existent/weak forward and backward linkages in the economy, gross inadequacy of infrastructure, absence of venture capitals for new business start-ups, multiple taxation, and general poor macro-economic environment – remained, the prohibitive cost of doing business in the country forced many industrial and business concerns to either shut down or to migrate to "neighbouring countries where the business environment was considered

friendlier” (Iwuagwu 2011: 16). Between 2006 and 2007, the contribution of the industrial sector to the national GDP had fallen to an all-time low of 4% with a further 1.5% reduction in Manufacturing Capacity Utilisation (from 54.8% in 2005 down to 53.3% in 2006⁶³).

It is against the backdrop of these self-evident failures that in 2007 the newly merged Federal Ministry of Commerce and the Federal Ministry of Industry came up with the CCIDS. Although it is not a new policy strategy per se, this fresh thrust constitutes a bold effort by government to: (i) consolidate and refocus the implementation of Nigeria’s industrial policies in order to ensure a stable and favourable *business environment*; (ii) create a community of business based on geographic proximity of firms to take advantage of localization economies, inter-firm technology and information transfers, product specialisation, collective efficiency, and other lauded benefits of industrial clusters; (iii) ensure optimum use of public resources by concentrating infrastructure and amenities in designated locations; and (iv) the spatial patterning and ordering of the industrial clusters are to be based on five hierarchical platforms – Free Trade Zones (in the proximity of international airports and seaports), Industrial Parks (30-50 square kilometres), Industrial Clusters (100-1000 hectares), Enterprise Zones (5-30 hectares), and Incubators (Federal Ministry of Commerce & Industry 2007).

Whereas the Incubators, attached to research institutes and higher institutions, are to aid new start-up firms, the Enterprise Zones have particular significance for the development of informal sector business. Iwuagwu (2011: 20) aptly explains:

Moreover, the new strategy took into consideration the peculiarities of Nigeria’s business environment by seeking to address the challenges of the informal sector especially the artisans who constituted the backbone of whatever little industrial activity that remained within the country. For instance, the primary motive for setting up Enterprise Zones was to scale up small businesses to the formal sector. In the Enterprise Zones, basic infrastructures as well as common facilities were to be

⁶³ Central Bank of Nigeria (2009) *Annual Report and Statement of Accounts for the Year ended 31st December, 2009*. Abuja: CBN, p. liv.

provided to facilitate business development. Given that such businesses constituted the bulwark of Nigeria's informal sector but were scattered everywhere, making coordination and coherent policy intentions difficult, if not impossible, it also meant that once the Cluster Concept was successfully implemented, their fortunes would be seriously enhanced.

The extent of actual implementation is still left to be seen as no empirical study, at least known to the author, has attempted to evaluate the implementation/performance of this particular policy. Rather, scholars focusing on the subject in Nigeria have tended to concentrate on the emergence and dynamics of spontaneous industrial clusters, as diverse as: Nnewi motor spare-parts market (Brautigam 1997); Aba shoe and cloth clusters (Meagher 2007); Enugu furniture cluster (Uzor 2004); Ilorin tradition weaving cluster (Meagher 2007); as well as the Ibadan auto-mechanic cluster (Akinbuni 2001).

4.3 THEORISING THE NIGERIAN URBAN ECONOMIC LANDSCAPE

The hint by Mabogunje (1968: 43) that the Nigerian urban system as “an amalgam of two contrasting levels of urbanisation – a traditional, almost medieval, pre-industrial urbanisation and an advanced, industrial urbanisation” has an implication for understanding the physical and socio-economic structures of its cities. The assertion not only allude to the cumulative changes that has taken place in the mode of employment and the primary urban function of the cities over the different urbanisation epochs but it also point to what their root causes may be. Clark (1998: 88) has distinguished between ‘self-generated urbanisation’ and a capitalism-induced equivalent adducible to “the operation of widespread and powerful non-local forces.” Along with the transition from traditional preindustrial society to a modern one that spanned the colonial epoch, there have also occurred far-reaching adjustments in economic structures necessitated by disturbing but yet incomplete back-and-forth shifts from primary activities (farming/animal husbandry) and art/craft industries to new more paying jobs in modern

industries and commerce (Mabogunje 1965, 1968, 1977; Clark 1998: 93). Some immediate consequences of this swing are that the infrastructure cum employment equation kept shifting in favour of the major urban centres, reinforcing the ‘bright lights’ syndrome particularly between 1952 up till the 1970s, which engendered unprecedented waves of rural-urban migration in the country.

With the weakening of the economy, unemployment and its various compliments became the common urban challenge amidst other residual effects of *over-urbanisation* such as pervasive poverty, an inefficient labour market, infrastructure shortage and overload, etc. The rural areas, on the other hand, slipped further into poverty and infrastructure deprivation as the urban-rural disconnection widened (Federal Republic of Nigeria 1975). In his characterisation of the “situation of a progressively worsening balance of trade between urban and rural areas”, Mabogunje (1977: 45-46) has implicated the following factors: (i) the low backward linkages inherent in the import-substitution industries; (ii) urban adjustment to foreign dietary habits; and (iii) artificial or subsidised urban-rural wage differential. By this connection, he tried to establish some association between modes of urbanisation, industrialisation, and employment on the one hand, and underdevelopment on the other, facts which recent commentators on Nigerian economic geography like Abumere et al. (1995), Arimah (2001), Ajayi (2007), and Iwuagwu (2011) have also collaborated. The dynamics of this development disjuncture is that in view of limited urban wage-earning employment “the vast majority of those flocking to urban centres in the country have had to seek gainful occupation in what has come to be known as the *informal sector* of urban economic activity” (Mabogunje 1977: 44 *original emphasis*). Some analysts have seen such socio-economic adjustments as sheer translation from urban unemployment to its somewhat less malignant cognate – urban underdevelopment or ‘hidden unemployment’ (see Gugler 1982 for example).

To a great extent, the *counter-cyclic nature* of development in Nigeria is substantiable by the counter-shifting trend between traditional pre-industrial and modern industrial urbanism, in one interpretation (Mabogunje 1968: 312-313), and formal sector and informal sector

employment, in another (Abumere et al. 1998). Remarkable examples of the latter trend subsist in Southeast Asia and some other parts of the world, where owing to “strong export-led growth and industrialization, the formal sector was able to absorb informal sector workers and new labour force entrants in increasing numbers, resulting in a marked deceleration in the growth of the informal sector” (Blunch, Canagarajah & Raju 2001: 10). On the contrary, the Nigerian economy has over the years experienced *a marked acceleration* in informal sector expansion due largely to: (i) a weak and import-dependent formal sector with low forward and backward linkages with the informal sector (Hoogvelt 1979; Ukaegbu 1991; Uche 1994; Ajayi 2007; Iwuagwu 2011); (ii) a worsening economic fortune marred by a difficult macro-economic climate (Meagher 1995, 2006, 2007; Dowson & Oyeyinka 1993; Adedokun et al. 2000); and (iii) a national policy environment that appears haphazard and incoherent, which has until the 2007 Cluster Industrial Development Strategy totally excluded the informal sector ambit (see Iwuagwu 2011 for example)⁶⁴.

Since the nature of the *business environment* – used in the World Bank sense as ‘the nexus of policies, institutions, physical infrastructure, human resources, and geographic features’ (refer to Eifert 2005) – in any place determines the form or nature of its business units as well as the *urban economic space* (Whitley and Kristensen 1996; Pedersen & McCormick 1999: 109; Eifert, Gelb & Ramachandra 2005: 7), it becomes imperative to analyse in more details not just how the *urban economic landscape* is changing but also its effects on the diverse business units. In other words, this will somewhat imply, gleaned from Geyer (2009b), an exploration of the ‘anatomy of the business sector’ – the location/distribution with the city, size, class, type, sectoral range, level of sophistication, product reach, and adopted communication/networking (refer to Figure 4.1, page 104).

⁶⁴ Notwithstanding the nomenclature, the Small and Medium Industries Equity Investment Scheme (SMIEIS) and many other programmes associated Small- and Medium-Scale Enterprises (SMEs) hardly apply to the informal sector. This is because even the survey carried out by the Industrial Research Unit of the University of Ife that is widely cited in informal sector literature defines a small-scale industry as an establishment with a total asset (equipment, plant, and working capital) of ₦50,000 and a staff strength of less than 50 full-time workers. This policy omission/contradiction has already been highlighted in Nwosu (1985: 324-325).

Evidently, tremendous theoretical advancements have made in last six decades or so in Social Science (geography, economics, and sociology/anthropology) and the so-called *space and place-based studies* (geography, anthropology, environmental science, urban planning, regional science, and architecture)⁶⁵. These developments have no doubt provided both an impetus and template for the current research. Although principles of space and spatial location remain deep-seated (see Garner 1967: 304-305), we are currently witnessing a departure from misplaced attachment to Western concepts and readings of urban form(ation) to new ‘emancipatory’ ideas founded on what Harrison (2006) has suitably termed ‘other thinking’, or ‘subaltern rationalities’ due to its passivity and long neglect. The implication for urban research in Nigeria (and other developing countries, in general) is that we basically need to reconceptualise cities in a more composite frame analogous to the two-circuit model – upper (formal) and lower (informal) circuits – developed by Santos (1970, 1972, 1979) and extended by McGee (1973). In so doing, we discard the contemporary Nigerian approach to analytical and policy articulations that until the 2007 CCIDS has repeatedly made a separation between the formal and informal economic segments. Consequently, this will afford us not just an understanding of the ‘space-occupying patterns’ of both the formal and informal business elements but also how policy, or lack of it, is (re)shaping the Nigerian *urban economic space* over time. The persistent close association between informalisation and sprawl – in particular, the *low-density continuous/ribbon sprawl* typology (Berry 1959; Angel et al. 2010: 78; UN-Habitat 2008: 11) – is however not coincidental. If anything, it only goes to reiterate the fact that urban structural dynamics is for the most part amenable to the economic activity systems as denoted in the third, fourth, and fifth layers of Geyer’s (2001) *human activity-system model* (refer to Figure 2.2). Hence, revealing the values of not just the unifying spatial logic within these diverse but overlapping concepts of urban economic geography but also their analytical and empirical significance (see Figure 4.4). With the development of structural, general system,

⁶⁵ Refer again to Manson and O’Sullivan (2006: 667).

and complexity theories, it is now possible to map the geographies or patterns of these spatial-economic elements, whether they are formal or informal, micro or macro, as well as structured (planned) or spontaneous in nature. In this era of global information system (GIS), urban planning and the other *space and place-based studies* have at their disposal batteries of mapping devices and techniques for analysing them. Several categories of structural and system analyses have the capacity of generating results in the form of coefficients, real numbers or dot-pattern, which could form a basis for comparison between diverse land uses, activity categories, and zones within particular cities, as well as between cities, countries or regions. Several categories of structural and system analyses have the capacity of generating results in the form of coefficients, real numbers or dot-pattern, which could form a basis for comparison between diverse land uses, activity categories, and zones within particular cities, as well as between cities, countries or regions.

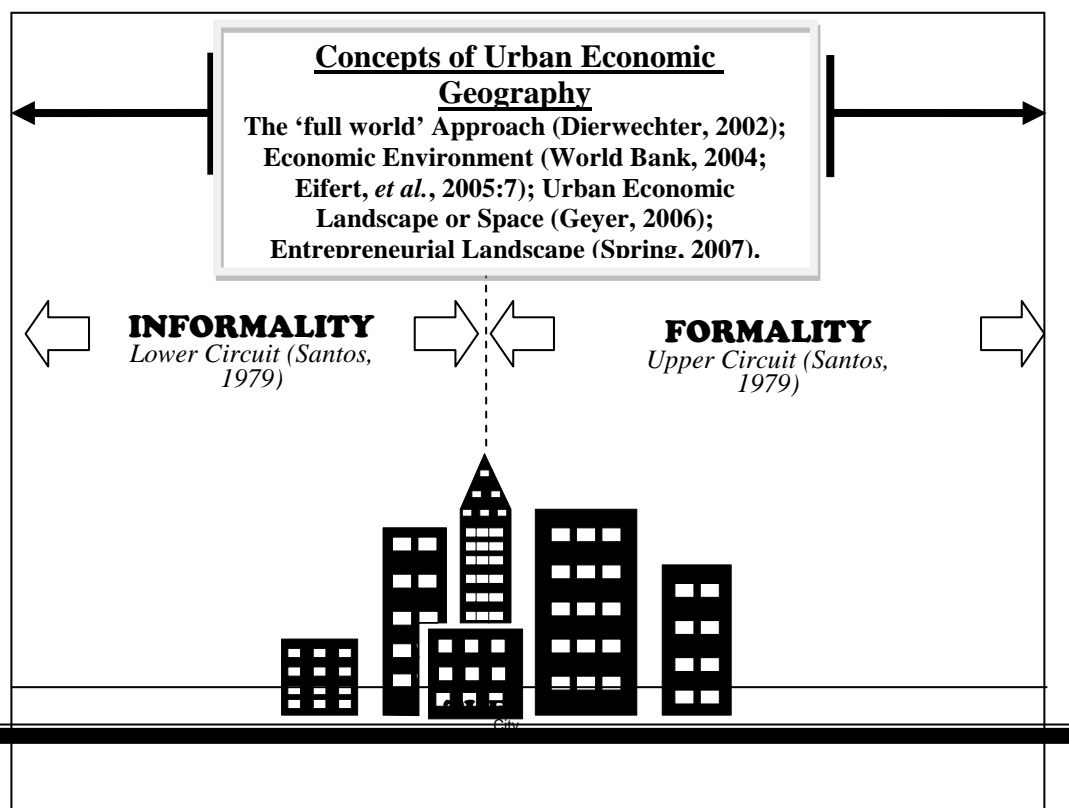


Figure 4.4 Composite versus Partial Viewpoints on the City Geography

In exploring the socio-political and economic trajectory of Nigeria over the years and the resultant urban system, this Chapter has with respect to the second study objective provided a logical framework for assessing the *entrepreneurial landscape* of urban Nigeria from the prism of Enugu metropolis. In other words, this prime administrative centre in the south-eastern part of the country shares a lot in common with other Nigerian urban centres, in particular those of similar size and status like Benin, Kaduna and Ibadan to mention a few. In the Chapter that follows, we shall consider a more detailed profile of Enugu with a view to clarifying the actual study context and the methodology employed therein to map the ‘the full landscape of entrepreneurship’ in urban Nigeria.

CHAPTER 5: RESEARCH METHODOLOGY: MAPPING THE ‘FULL LANDSCAPE OF ENTREPRENEURSHIP’

Thus if we think about the world in terms of a “formal” and an “informal” sector we will be glossing over the linkages which are critical for a working policy, and which constitute the most difficult elements politically in policy development (Peattie, 1987:858).

In Chapter Four, we attempt to map, in the dictum of Anita Spring (2009), the ‘full landscape of entrepreneurship’. As earlier established, this inclusive approach in the investigation of *urban business landscape* is supported by two basic rationales. One is the intricate spatial and structural inter-linkages in the economy that bind both the informal and formal sectors. Two, the fact the evolution from informal to formal sector entails both a historic progression process (Ybarra 1989: 216) and a development process in the life cycle of single industries or firms discloses the impropriety of neglecting any point or stage in the informal-formal sector continuum. The Chapter also highlights the study area selection, emphasizing why the city of Enugu is a prototypical Nigerian city and the economic and growth structure of the city. Moreover, the techniques of sample size determination and sampling, the analytical methods used, as well as the process of fieldwork undertaking are spelt out. The last section collates the experiences gained and limitations encountered in the diverse measurements.

5.1 THE RESEARCH CONTEXT

The research is based on urban Nigeria. The overwhelming evidence on the Nigerian urban system (refer to Chapter Two, Section 2.3), tells us that, in reality, a prototypical city like Enugu embodies according to Andranovich & Riposa (1993: 16) “a mosaic of ... [the] region, national system of cities, and world system of cities.” Interestingly, Chakravorty (2000) adopted a similar research framework in his investigation of the stages in the spatial evolution of Calcutta (India) across decades of global events. In other words, Enugu shares an analogous *business environment* with other Nigerian cities, and by implication, maintains a comparable

urban economic space/landscape. This is especially the case with those cities of equivalent size and status like Kaduna and Ibadan in the northern and south-western parts respectively.

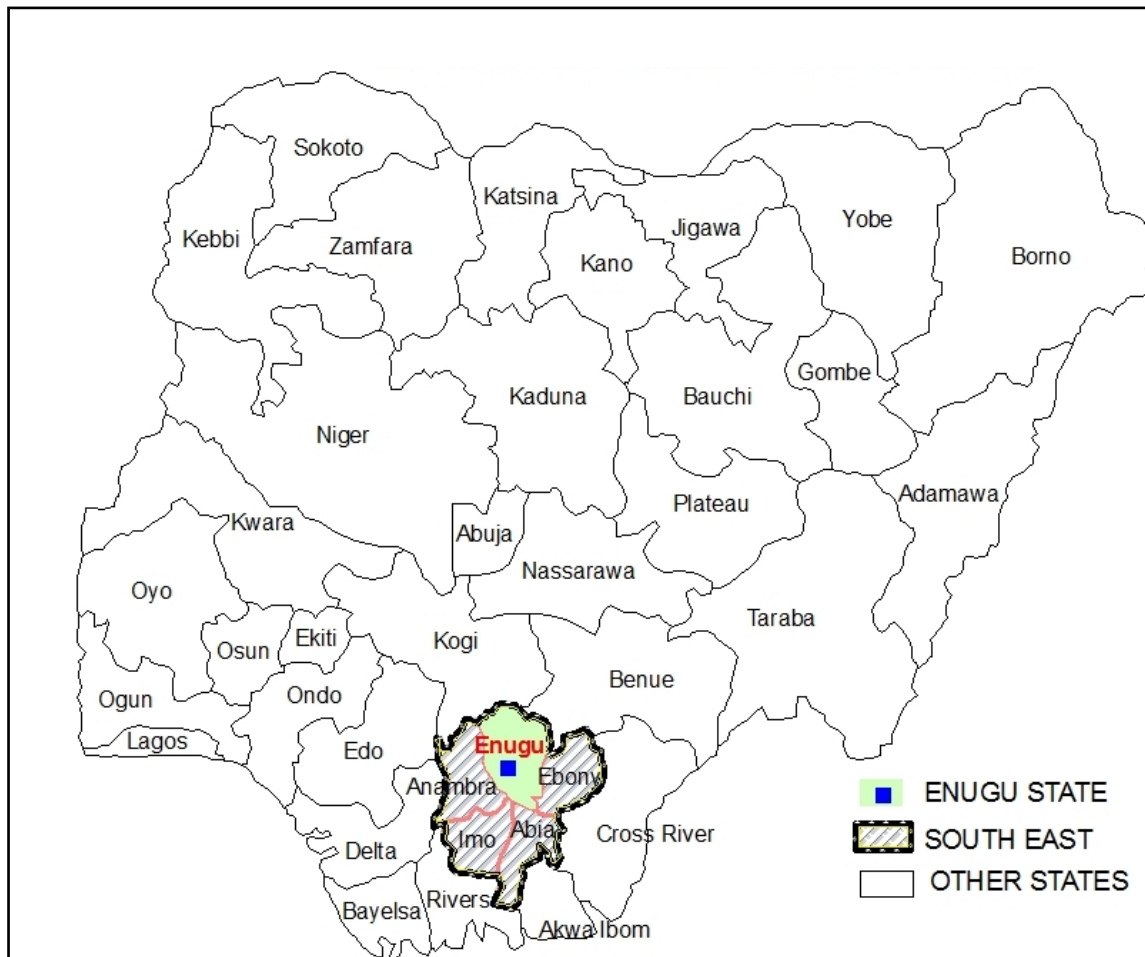


Figure 5.1: Map of Nigeria show the 36 States and Abuja Capital Territory (highlighting the South East Region and Enugu State).

5.1.1 Study Area Selection

Bearing from the above rationales, three distinct reasons account for the selection of Enugu metropolis as the case study. One, since the city shares an identical economic base, urban character/structure, as well as planning administration and policy regimes with other major Nigerian cities, Enugu represents a good prism through which to study the *economic (or entrepreneurial) landscape* of urban Nigeria. Two, the city of Enugu is the most dominant administrative centre in the Southeast geo-political sub-region of Nigeria, with explicit industrial and commercial structures that has fluctuated with the country's economic fortunes

under changing dispensations. Three, the researcher's familiarity with and prior knowledge of Enugu also helped sway this choice of selection.

5.1.2 An Overview of Enugu Metropolis

Enugu is the current capital of Enugu State in Nigeria, the young state created out of the old Anambra State on August 27, 1991. It started as a small settlement at the foot of the Miliken Hill part of the Udi range of Hills with the discovery of coal in the area, and its eventual exploitation in 1909. This is exactly why this *coal town* is normally classified as a *colonial city*, unlike other ancient cities in the country like Benin, Kano, Sokoto, Ife, Ibadan, etc that predated the British colonial administration. Further impetus that gave rise to the development of this proto-urban community under the colonial administration include: (i) the investment in the eastern railway line from Port Harcourt to Enugu between 1913 and 1916; (ii) the bestowal of a 'second-class township' status on Enugu in 1917; and (iii) the appointment of Enugu as the headquarters of Eastern Nigeria. During the Oil boom era Enugu has remain a capital notwithstanding the re-demarcation of administrative structure and boundaries: from colonial administrative headquarters in the then Eastern Region (1936-1967) to the capital centre of the defunct East-Central State (1967-1976), the *old* Anambra State (1976-1991), and ever since the capital city of Enugu State. Enugu State is one of the 36 states of Nigeria, and is bounded by Kogi and Benue States in the North; Imo and Abia States in its southern flank, Ebonyi State in the East, and Anambra State in the West (see Table 5.1).

Ever since, the city of Enugu has grown in leaps and bounds, swelling in both population and landmass with passing time. Refer to the city's historic population profile in Table 4.1. And by the 1970s, Enugu had become an established administrative, commercial and industrial centre of note in the South East Region in particular and Nigeria in general. The 2006

Population and Housing Census of Nigeria put the current city's population at 722, 664⁶⁶ (Enugu North – 244,852; Enugu South – 198,723; Enugu East -279,089).

Table 5.1 Historic Profile of Urban Population Growth in Enugu (1909-1978)

Year	Population	Source
1909	Under 100	Estimates by Hair, P. E. H. (1953) <i>Enugu: A Growing Industrial Town in Eastern Nigeria</i> . Economic Development Library, Harvard University, Cambridge.
1921	10,000	
1939	15,000	
1945	35,000	
1950	50,000	
1953	63,000	Population Census
1963	138,500	Population Census
1973	225,500	Statistics Division, Ministry of Finance and Economic Development, Enugu based on a compound annual growth rate of 5% from the 1963 Census figure.
1978	288,000	

Source: Concept Eco-design International (1979) *Master Plan for Enugu* (Phase 2: Detailed Data Analysis), p. 103.

Projected to 2010, using the Linear Growth Model at an annual growth rate of 3.6%, we obtain a total of about 826,728 people. This may seem like a significant decline considering the even the lower margin forecast (at an annual growth rate of 4%) by the *Enugu Master Plan* that had anticipated an increase of population of 560,000 by the year 1990, 829,000 by 2000, and 1,228,000 by 2010. A plausible explanation may perhaps be that the Masterplan did not foresee the 'population de-concentration'⁶⁷ events of State creation that took place successively on October 1 of 1991 and 1996. Typical of State creation in Nigeria, the partitioning of the *old* Anambra State into two separate States – Anambra State and Enugu State in 1991, and the eventual carve-out of Ebonyi State out of Enugu State in 1996 involved the mass relocation of

⁶⁶ Curiously, the 2006 Population and Housing Census of Nigeria disaggregated the figures by local governments and not by settlements. The figure of 717, 219 used in places, was obtained by summing the population of the three local governments that define the Enugu Metropolitan Area.

⁶⁷ A phrase used by Berry (1976: 17) to describe a situation of "decreasing size, decreasing density, and decreasing heterogeneity".

civil servants and their families to the new capital town/city of their own native State or 'State of origin' as it is popularly known in Nigeria.

5.1.3 Migration and Labour Force

Enugu is situated in a land area of well over 3871.5 square metres. Enugu metropolis (the city core together with its suburbs) stretch out to about 7 to 9 Kilometre radius into the fringes. Except for the Udi range of hills on the city's western borders, the land is generally low lying, a condition that is no doubt contributing to intense urban sprawl in other directions. The major ethnic group in this part of the country is the *Igbo* people; though proportions of other Nigerian ethnic groups reside in Enugu, the total ethnic compositions are not available since they are usually not published by the Nigerian Population Commission (NPC), the major census agency. In what progressed in a *productionism-environmentalism* cycle, uncontrolled spate of rural-urban migration generated a high growth rate of about 8.1% in Nigerian urban centres between 1952 and 1963 (Mabogunje 1977: 45-46; Onyemelukwe 1977), with which period the population of Enugu had double-jumped from 62,800 to 138,500. As earlier noted, in Nigeria has led partly to rural alienation and pauperisation, and partly to massive urban unemployment, especially in the state capitals. Archival data from the Nigerian Coal Corporation showed that as early as 1938, it had about 4,134 workers in its service, a figure that reached a peak of 6,204 in 1947⁶⁸, probable owing to international demand for coal after the Second World War.

Later on in the 1970s, the economic base of the city continued to widen in the event of significant cross-sectoral expansion involving both formal establishment (including government service) and informal enterprises. The UNDP/ILO Manpower Survey of 1974 revealed a budding formal sector of about 642 firms of different sizes employing a total of 10,858 workers in Manufacturing (23.0%), Construction (22%), Wholesale/Retail (32.0%), Transportation

⁶⁸ Data from the Nigerian Coal Corporation, Enugu and published in the Enugu Master Plan (Phase 2), p. 69. The number of people employed in coal mining later declined to 3,306 in 1966, just before the mines were shut down during the Nigeria-Biafra Civil War from 1967 to 1970. Afterwards, the employment figures were to pick up from a tiny 414 in 1970 to 2,508 in 1974.

(1.3%), Banking/Finance/Professional (8.7%), and Miscellaneous Activities (13.0%). However, evidence from other empirical and anecdotal sources admits a much larger informal sector in the city, particularly with Enugu as the most favourite destination in the then East Central State for new migrants in search of jobs and other income-related activities. Yet in the same period, unemployment rate stood at an unexpected 11.5% according to the 1974 Nigerian Labour Force Survey⁶⁹. Drove of new migrants into Enugu who could not find ready jobs helped to swell the ranks of informal workers (Enugu Master Plan – Phase 2, 1979: 85⁷⁰; Nwosu 1985), and by implication the formal/informal sector-mediated *urban economic landscape*.

5.1.4 Physical Setting, Planning and Administrative Setting

The nucleus of Enugu, also popularly known as the ‘Coal City’, started at south-western foot of the hilly range (near the present day Coal Camp neighbourhood), as a ‘bedroom’ for workers in the nearby coal mines. The general physiognomy or structure of Enugu metropolis is characterised by sector-like lattices of roads hinged at the foot of Udi Hills and fanning outward along the north-eastern/south-eastern direction (see Figure 5.2). The city’s northward and south-eastern fringes are conscribe delineated by the Enugu-Onitsha Expressway and the Enugu-Port Harcourt Expressway respectively. The major arterial routes in the city are: (i) Okpara Avenue-Garden Avenue corridor; (ii) Ogui Road-Abakaliki Road axis; (iii) Agbani Road; (iv) Zik Avenue-Market Road axis; and (v) Edozie Street-Kenyatta Street corridor. The former two corridors actually define the CBD and they along with most of others are growing into thriving shopping streets (Enugu Master Plan 1979; Okoye 1985; Onyebueke 2000, 2001).

⁶⁹ The standard definition adopted in Nigeria by Nigerian Bureau of Statistics (NBS) and the National Statistics System (NSS) to conduct labour force surveys defines unemployment rate as “the proportion of those who were looking for work but could not find work for at least 40 hours during the reference period to the total currently active (labour force) population” (NBS 2011: 7).

⁷⁰ It is noteworthy to observe that the Enugu Master Plan was only commissioned by the Anambra State Government on the 6th of February 1978, and was completed in about 20 months. In other words, the city had existed for at least 65 years without a formal comprehensive plan or planning! The project was undertaken by Concept Ecodesign International, a joint venture between Concept Design Group of Enugu and Ecodesign/SPC Incorporated of Cambridge, Massachusetts, USA.

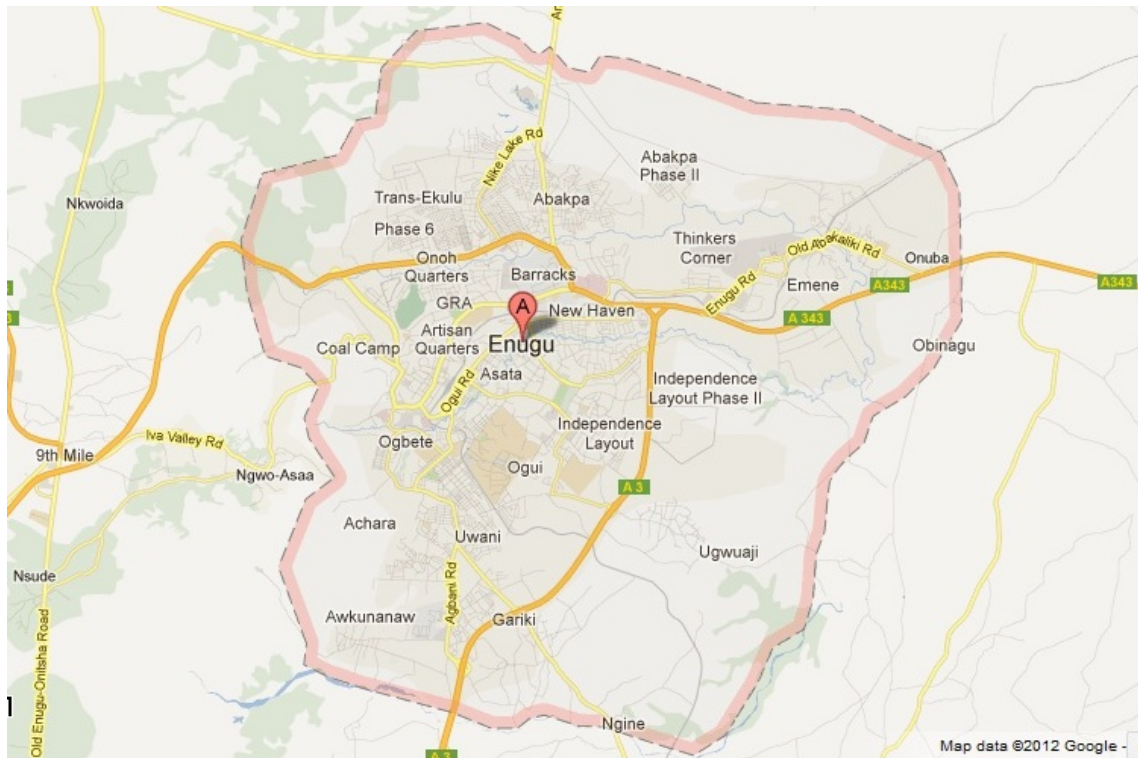


Figure 5.2: Sketch Map of Enugu Metropolis and Environs (Source: Google, 2012)

Although their original function was to facilitate movements and flows along with numerous auxiliary roads between the core and the periphery areas in the city (see Figures 5.3-5.6). Progressively, Enugu has ‘leapfrogged’ over the Enugu-Onitsha Expressway and the Enugu-Port Harcourt Expressway, its previous boundary markers. Like in all other Nigerian cities, there are no urban growth boundaries (UGBs); neither is the idea of compact or smart growth obtainable here. The city’s unbridled sprawl is characterised, on the one hand, by the ‘peripherisation’ or growth of informal settlements at its northward fringes – (refer to UN-Habitat 2008: 11), and by a *low-density continuous/ribbon sprawl* at the southward fringes, on the other hand. The latter phenomenon is attributable to formal-cum-informal land processing and allocation activities of the native land-owning communities at the rural-urban periphery (Ikejiofor 2006, 2009). In fact, the *Enugu Master Plan* had struggled to no avail to contain this rather unbridled urban form diversification in its proposal for “a centralised commercial sector with proper infrastructural support [in the CBD]...to create a sorely needed focus to the city”



Figure 5.3 The Ogui Road end of the Enugu CBD is another prime location for banks and the commercial and service sector



Figure 5.4 The Okpara/Garden Avenue end of the Enugu CBD is the major hub of the banks, established commercial firms and government ministries.

(Eco-design International 1979: 189). It had deciphered what it called an ‘unhealthy duality’ in the city arising “mainly from lack of or minimal interaction between the informal and formal sectors, wherein the informal sector is not sought for providing intermediate services to the formal that it is capable of providing” (p. 165). The highly dispersed nature of commercial activities in Enugu coupled with significant rates of land use admixture cut a typical general appearance of the fragmentary and *fractal city* of Batty’s and Longley’s imagination (refer to Figures 5.5 and 5.6).

In fact, the *Enugu Master Plan* had struggled to no avail to contain this rather unbridled urban form diversification in its proposal for “a centralised commercial sector with proper infrastructural support [in the CBD]...to create a sorely needed focus to the city” (Eco-design International 1979: 165) it had deciphered what it called an ‘unhealthy duality’ in the city arising “mainly from lack of or minimal interaction between the informal and formal sectors, wherein the informal sector is not sought for providing intermediate services to the formal that it is capable of providing”. Even though, this planning document had hinged its commercial sector development programme on strengthening forward and backward linkages between the two formal and informal sectors (Eco-design International 1979: 165-167)⁷¹, empirical evidence has shown that this organisational policy did not take root given the rather indiscriminate distribution of informal businesses in the city of Enugu (Okeke 2000; Onyebueke 2000, 2001, 2009).

⁷¹ The *Enugu Master Plan (Phase 2)* had proposed and pursued, among other things, “an organisational intervention aimed at facilitating communication between the formal and informal sectors will lead to creation of additional growth mechanisms in the economy” as a necessary precursor to its consolidated CBD programme “desperately needed to consolidate the commercial enterprise now totally dispersed throughout Enugu” (p. 165, 189).



Figure 5.5 Zik's Avenue in Enugu with an intensification of mixed land uses that is adding to fractal fabric of the city.



Figure 5.6 A narrow street leading to *Afia* Nine, the small community market in the Obiagu area in Enugu: An aspect of the fractal character of the city?

Although no empirical attempt (known to the author, at least) has been made to study the distribution of formal business in the city, similar inferences of arbitrariness may be adduced (see Iwuagwu 2011, for example). Enugu is part and parcel of the Nigerian urban system, and as such it is embedded in the same *business environment* ('nexus of policies, institutions, physical infrastructure, human resources, and geographic features') highlighted earlier-on by Ukaegbu (1991), Uche (1994), Ajayi (2007), and Iwuagwu (2011). It is therefore axiomatic that similar spatial and structural deficiencies resulting from policy arbitrariness in Nigeria do equally apply to Enugu metropolis. Available but scattered evidence are pointing, at one and same time, to contradictory patterns of random or indiscriminate location – home-based enterprises and other forms of mixed land use applicable to both sectors, on the one hand; and systematic ordering vis-à-vis the hierarchical market structure and some forms of clustering (refer to Okoye 1985). Yet, typical of other Nigerian urban centres, this emergent urban retail hierarchy bears the vestiges of globalisation. Not only was the Enugu *business landscape* affected during the SAP years, the city is also witnessing the globalisation-driven transformations in product and sales line as well as the recent resurgence of large local and foreign supermarket ventures (see Figure 5.7).

In addition to the large local supermarkets like Roban Stores, Eastern Shop and Best Choice Supermarket, Shoprite and Game, the giant South African retail chains have entered the market, the disproportionately larger of which is still dominated by the traditional market system (see Nzeka, 2002). Yet, evidence abound that these modern retail forms with more convenient shopping environments and better facilities are attracting a growingly number middle class customers, thereby constituting a bona fide competitor to the traditional retail form. The city of Enugu is made up of three local government areas (LGAs) – Enugu North, Enugu South, and Enugu East LGAs – which define its metropolitan jurisdiction or planning

areas.⁷² Due to the nature of the federal structure in Nigeria, urban areas (State capital, in particular) are often amenable to national, and state government policies/programmes, as well as local government interventions.



Figure 5.7 The new Polo Park Shopping Mall in the periphery of Enugu CBD accommodating Game, Shoprite and other formal commercial ventures.

For instance, the Nigerian Urban and Regional Planning Law (NURPL) of 1992 provides for the creation of the Planning Commission, Board and Authority at these three levels of government respectively to oversee and implement planning functions (namely: plan preparation and administration, development control and conservation, land acquisition and compensation, and the rehabilitation, renewal and upgrading improvement area) in the country. Likewise, other Federal and State government law and edicts, be they planning, economic, or industrial policies, have both substantive and derivative effects on discrete urban and rural

⁷² The partitioning of Enugu metropolis into three local government councils was established by the Enugu State of Nigeria Official Gazette No. 8, Vol. 9 of October 21, 1999. This kind of administrative subdivision is quite common in Nigeria. In fact, a city like Kano is known to have up to 10 LGAs! Of course, the associated problems of planning coordination and administration are well known (see Aluko 2000 for example). Quite recently, Enugu State government has set up the Enugu Capital Territory Development Authority (ECTDA) to help in eliminating the above and other planning hitches.

contexts. Clearly, the *urban economic landscape* of Enugu or any other Nigerian city for that matter, is one way of determining the outcome of the decades of economic development programmes (the National Development Plans and Rolling Plans) as well as the infrastructure and policy component of the *business environment* (refer to Chapter Three, Section 3.3.2).

In Nigeria, both the Local and State governments receive statutory allocations from the Federal government in the proportion of 20%, 35%, and 45% correspondingly. It is evident from Table 5.2 that Enugu State is over-dependent on Federal Account Allocation (FAAC) – amounting to 81.92% of its Total Recurrent Revenue – to balance its annual budget of about ₦68,366,000,000 billion (about \$455,773,333 million at an exchange ratio of approximately 150:1) in 2010. Other major sources of revenue for the State from the 2010 budget includes: Taxes (11.92%), Interests, Repayments and Dividends (3.07%), Fines and Fees (1.38%), Rent on Government Property (1.10%), Licenses and others (0.61%). This deficit situation where the Internally Generated Revenue (IGR) represents much less than 20% of the Total Recurrent Revenue (TRR), and can only meet about half of the Total Personnel Costs summarises the perennial paradox of most Nigerian States, with the possible exception of Lagos, Kano, and Anambra States that have appreciable IGR figures. What this means is that many States may simply ground to a halt if the allocation from the Federal government is either delayed, or in the worse-case scenario, fails to come at all. Some scholars have argued that this trend falls short of sustainable fiscal administration because certain inherent imbalances as well as allocative and derivative dependence (Akpan & Ndebbio 1998; Akindele, Olaopa & Obiyan 2002).

Section four (4) of the 1999 Constitution of the Federal Republic of Nigeria clearly spells out the statutory functions (both expenditure and revenue functions) of the three levels of government. In practice, however, there are usually overlaps in the function between the State and the Local governments, particularly in the dual capacity of State capitals as a seat of both administrations.

Table 5.2 Budget Estimates of Enugu State, Nigeria (2008-2010)

Item	Particulars	2008		2009		2010	
		₦(000,000)	%	₦(000,000)	%	₦(000,000)	%
A	Recurrent Revenue						
	1. Internally Generated Revenue	6,500	13.2	8,300	17.9	6,620	18.1
	1. State Share of Federation Account Allocation (FAAC)	39,347	79.7	30,450	65.8	30,000	81.9
	2. Value Added Tax (VAT)	3,500	7.1	4,500	9.8	-	-
	3. Ecological Fund	-	-	3,000	6.5	-	-
	Total Recurrent Revenue	49,347	100.0	46,250	100.0	36,620	100.0
B	Recurrent Expenditure						
	1. Personnel Costs						
	Add 15% Allowance Possible Salary Increase	9,704	-	13,525	-	15,000	
	Add 7.5% Contribution to Pension	1,878	-	1,800	-	500	
	Add 25% Increase in Teachers' Salary	939	-	900	-	400	
	Add 25% Increase in Teachers' Salary	-	-	1,277	-	786	
	Outstanding Allowances to Civil Servants, etc.	1,553	-	200	-	100	
	Total Personnel Costs	14,076	28.5	17,702	38.3	16,786	45.8
	2. Overhead Costs (including Standing Order/Imprest and other releases)	7,261	14.7	8,044	17.4	5,830	17.4
	3. Subvention to Parastatal and Tertiary Institutions	2,889	6.1	2,360	5.1	4,001	10.9
4. Consolidated Revenue Fund Charges (CRFC)	1,584	3.2	3,326	7.2	3,484	7.2	
	Total Recurrent Expenditure	25,909	53.5	31,432	68.0	30,101	82.2
C	Transfer to Development Fund	23,438	47.5	14,818	32.0	6,519	17.8
	Total (B + C)	49,347	100.0	46,250	100.0	36,620	100.0
D	Capital Receipt						
	1. Transfer from Consolidated Revenue Fund	23,438	-	14,818	-	6,519	-
	2. Opening Balance from Previous Year	443	-	465	-	500	-
	3. Internal/Local Loans	5,000	-	9,000	-	9,000	-
	4. External Loans	2,014	-	1,445	-	1,445	-
	5. Grants	1,806	-	1,100	-	1,100	-
	6. Value Added Tax (VAT)	-	-	-	-	4,500	-
	7. Miscellaneous	2,100	-	2,200	-	2,200	-
	Total Capital Receipts	34,801		29,029		38,265	
Grand Total (Budget Size)		60,710		60,460		68,366	

Source: Enugu State Government of Nigeria: Approved Budget Estimates of 2009, 2010.

Some of these inconsistencies add to the lopsidedness of these statutory allocative and derivative functions⁷³, of which Akindele, Olaopa & Obiyan (2002) have highlighted the

⁷³ This overlap of planning administrative and development interests in Enugu metropolis between the State government and the three (3) constituent LGAs is not new at all. In fact, between 1976 and 1991 under the *old* Anambra State when the city was still under one (1) LGA, the *Enugu Master Plan* had taken note of this

restriction the local government's tax heads to just four (4) items (television and radio licences/fees; market and trading licences/fees; motor park duties; and advertising fees). According to them, even property tax and rating, 'universally considered a local government tax' is contained in the task schedule of the State government. Consequently, in the discharge of its second and third revenue-derivative function, the Enugu North, Enugu South, and Enugu East LGAs are supposed to gather and maintain useful data on (informal) business registration. In as much as they are undertaking these functions, the level of data acuity and storage vary widely between the three LGAs – from well organised to poorly kept data base, sometimes with clear evidence of deliberately data tampering⁷⁴. Unfortunately, Enugu East LGA could not come up with any data on business registration, since a business compilation/registration survey which was still ongoing at the last visit on March 24, 2012. So, the research had to rely on a field survey.

5.1.5 Economy and Business Environment in National/State Context

In order to define the economy and *business environment* of Enugu metropolis, we are compelled to adopted a general-local approach for three major reasons. One, the urban economy is an extension of the global economic processes and vice versa⁷⁵; two, both as a consequence of the former and the fact of the Nigerian federal system of government, Federal laws, policies along with budgets define the framework for State and Local Government

inherent contradiction when the document affirmed that: "The resources of the Enugu Town government are not readily separate from those of the Anambra State, because the Town's being the State capital. The State makes investments in infrastructure (roads, bridges, etc.), institutions (schools, hospitals, etc.), and other economic development projects which otherwise might be the sole responsibility of the local government" (Phase 2, p. 92).

⁷⁴ From my interaction with local government officials between September 2010 and September 2011, it was apparent that not only was data collection and storage not given the necessary priority but also that most of the official are quite cagey about disclosing even basic information. Whereas the Enugu South LGA represents the best case scenario with its (informal sector) business register in Microsoft Excel format, in Enugu North LGA the registration is still done on hardcover notebooks. In Enugu East LGA, I was told that the disarrayed state of information on businesses in its jurisdiction compelled them to embark on a fresh compilation/registration survey which was still ongoing at the last visit on March 24, 2012.

⁷⁵ This view espoused by many world city and globalisation scholars is often traced to the works of Jane Jacobs (1984) and Sclar (1992) on the co-linearity between the city and national economy. In the words of Sclar (1992: 30), the national economy amounts to "nothing more than the sum of the economic strengths of its metropolitan regions."

laws/edits and finance. Three, the lack of urban-level statistics is more or less a universal problem, and not just limited to Enugu and Nigeria (refer to Short, et al. 1996: 698; Taylor 2000: 15). Hence, the economy and *business environment* of Nigeria and Enugu State do define the context within which the *urban economic landscape* of Enugu metropolis can be interpreted. Moreover, the capacity of requisite State and Local Government agencies at routine data gathering, collation, and publication has seriously been undermined by poor funding or bad governance or both. For instance, the Ministry of Finance and Economic Development, which used to publish labour force statistics, disaggregated population and household data, number and category of business units, etc., no longer does so.⁷⁶ And so, the current study had to complement the few available secondary urban-based data with more readily accessible state-level statistics in Nigeria.

With the introduction of SAP in 1986, the Nigerian economy encountered serious hitches, and by the 1990s had gone wholly haywire as Meagher's and Yunusa's (1996: 2) gloomy remark had aptly depicted:

“The deterioration of conditions in the formal sector goes a long way to explaining the rapid rate of informal sector expansion. Successive devaluations have reduced the exchange rate from N1.2 (naira) to the US dollar in 1985 to 19 naira to the dollar in 1992. Prices of domestic goods quintupled between 1985 and 1992, and those of imported goods have risen by a factor of 20. Severe wage restraint and high rates of retrenchment in the public and private sectors have significantly increased the rates of open and disguised unemployment.”

In the 2000s, unemployment rates have continued to soar (see Table 5.3) with the evidential effects on labour force utilisation and the growth of the informal sector. Other economic indicators also took a nose dive: the relative share of the manufacturing industry in the GDP

⁷⁶ In the 1970s, this government ministry used to publish comprehensive socio-economic statistics in the *old* Anambra State. Two of the typical publications include the Report on Survey of Distributive Trades and Services 1970-1973 and 1974, and the *Directory of Industrial Establishment in the Anambra State, 1976*, which were cited extensively in the *Enugu Master Plan*.

dropped noticeably from 8.7% in 1986 to 5.5% in 1990 while the percentage of total value added decreased from 16.2% in 1986 to 10.9% in 1990 (Ajayi 2007: 145).

Table 5.3 Unemployment Rates in Nigeria (2000-2010)

Year	Unemployment Rate
2000	13.1
2001	13.6
2002	12.6
2003	14.8
2004	13.4
2005	11.9
2006	12.3
2007	12.7
2008	14.9
2009	19.7
2010	21.1

Source: Nigerian Bureau of Statistics, NBS (2010).

Accounting for the lapses of the SAP years between 1986 and 1995, Abumere *et al.* (1998) inferred some 68.2% increase in the number of informal business units coupled with a commensurate alteration in the age, gender, and educational composition of entrepreneurs. An outstanding knowledge gap – which the current research thrust intends to fill – is to vividly demonstrate this *counter-cyclic* changes in the spatial and structural relationships between informal and formal sector businesses in the urban context in Nigeria.

As is expected in a developing economy like Nigeria, the structure of businesses is broad at the bottom but lean at the top echelon. In other word, the country has a business continuum of enormous number of informal or micro enterprises and a much smaller number of SMEs (Small and Medium Enterprises) and Large Enterprises.⁷⁷ A 2010 national survey

⁷⁷ In its draft National Policy, SMEDAN defines MSMEs as follows: Micro Enterprises as those employing less than 10 workers with an asset base of less than ₦5 million; Small Enterprises signify businesses employing between 10 and 49 workers with an asset base of ₦5 to less than ₦50 million; whereas Medium Enterprises employ 50 to 199 workers with an asset base of between ₦50 to ₦500 million (NBS/SMEDAN, 2012: 18). This however differs somewhat from the Manufacturers Association of Nigeria's (MAN) classification of: Micro-scale industry (less than 10 workers with an asset base of less than ₦1.5 million); Small-scale industry (11-100 workers or/and an asset base of ₦1.5-50 million); Medium-scale industry (101-300 worker or/and an asset base of ₦50 -200 million); and Large-scale industry (above 300 workers or/and an asset base of above ₦200 million).

revealed that there a total number of informal sector or micro enterprise in Nigeria at 17,261,753 with an overall workforce of 32,375,406 (NBS/SMEDA 2012). This huge informal sector workforce is composed of 15,641,460 employees and 16,733,946 owners of enterprise. As earlier stated, these figures represent a twofold increase when compare with the CBN/FOS/NISER Survey result in 2000 that counted 8,604,048 enterprises and 12,407,348 workers. The distribution of informal or micro enterprise in Nigeria is shown in Table 5.4. Apparently, the highest concentration is found in the North West and South West regions of the country. Though on a closer look, one can observe from the relative share of the States and Abuja that the distribution is more or less even – averaging 350,000 and 450,000 enterprises per State – with the exception of four outlier States of Lagos (4,146,000 enterprises), Kano (1,740,000), Oyo (1,300,000), and Kaduna (1,137,000) with outstanding number of enterprises.

Table 5.4 Number of Informal Sector or Micro Enterprise by Geo-political Zones in Nigeria, 2010 (as Compared with Enugu State).

Zone (Constituent States)	No. of Enterprises (000)	Percentage (%)
Enugu Sate	423	19.63
<i>Other South Eastern States</i> (Abia, Ebonyi, Imo & Anambra)	1,732	80.37
South East	2,155	12.48
North Central (Plateau, Benue, Nasarawa, Kogi, Kwara, Niger & FCT Abuja)	2,931	16.98
North East (Borno, Yobe, Bauchi, Adamawa, Gombe & Taraba)	2,470	14.31
North West (Kaduna, Katsina, Kano, Kebbi, Sokoto, Jigawa & Zamfara)	3,537	20.49
South-South (Cross River, Akwa Ibom, Rivers, Bayelsa, Delta & Edo)	2,903	16.82
South West (Oyo, Ondo, Osun, Lagos, Ekiti & Ogun)	3,270	18.94
NIGERIA (Total)	17,262	100.02

Source: Calculated from NBS/SMEDAN (2012: 148) Figures in the shaded cells apply only to the South East Zone.

Even though, the urban and rural disaggregates were not given, this dominance is undoubtedly a direct consequence of the pre-eminence of Lagos megacity, Kano City, Ibadan, and Kaduna in

their respective regions in particular and Nigeria as a whole. In the South East, however, such predominance is less obvious as Enugu State recorded a total of 430,000 informal business units, a rather equitable share (nearly 20%) of the South Eastern region's 2,155,000.

On the formal end of the Nigerian business continuum, are SMEs and Large Enterprise. There are a total of 22,917 SMEs in the country, employing well over 39,478 workers (NBS/SMEDAN 2012). Table 5.5 shows their distribution in Enugu State, the South East region and Nigeria. Put together, informal or micro enterprises coupled with the SMEs (denoted

Table 5.5 Number of Small and Medium (Formal Sector) Enterprise by Geo-political Zones in Nigeria; 2010 (as Compared with Enugu State).

Zone (State)	Employment Size Band				
	10-49 (Small Enterprise)		50-199 (Medium Enterprise)		TOTAL
	Number	Percentage	Number	Percentage	
Enugu State	402	17.11	30	17.65	432
<i>Other South Eastern States</i> (Abia, Ebonyi, Imo & Anambra)	1948	82.89	140	82.35	2,088
South East	2350	11.05	170	10.29	2,520
North Central (Plateau, Benue, Nasarawa, Kogi, Kwara, Niger & FCT Abuja)	2960	13.92	262	15.86	3,223
North East (Borno, Yobe, Bauchi, Adamawa, Gombe & Taraba)	1480	6.96	138	8.35	1,618
North West (Kaduna, Katsina, Kano, Kebbi, Sokoto, Jigawa & Zamfara)	4682	22.02	328	19.86	5,010
South-South (Cross River, Akwa Ibom, Rivers, Bayelsa, Delta & Edo)	2864	13.47	208	12.59	3,072
South West (Oyo, Ondo, Osun, Lagos, Ekiti & Ogun)	6928	32.58	546	33.05	7,474
NIGERIA (Total)	21,264	100.00	1,652	100.00	22,917

Source: Calculated from NBS/SMEDAN (2012: 117). Figures in the shaded cells apply only to the South East Zone.

as MSMEs) contribute a total of 46.54 % (or ₦33,984,754 million) to Nigeria's GDP in nominal terms (NBS/SMEDAN 2012). Put together, informal or micro enterprises coupled with

the SMEs (denoted as MSMEs) contribute a total of 46.54 % (or ₦33,984,754 million) to Nigeria's GDP in nominal terms (NBS/SMEDAN 2012). Yet much more than other MSMEs, NBS/SMEDAN (2012: 24) observed that:

“The micro enterprises (informal) are affected by excessive regulation, high cost of entry into formal settings, high level of unemployment, low level of education attainment, poor infrastructural development, and more importantly poverty/low income level.”

Indeed, Nigeria has a rather harsh business climate with staggering infrastructure challenges (see Eifert, Gelb & Ramachandra 2005). As such, many MSMEs (over 75% in one estimate) have resorted to alternative means of power generation, resulting in daily usage rate of generator amounting to between 1 to 10 hours (Okafor 2008; NBS/SMEDAN 2012: 128). Large enterprises are not spared this cost-multiplying ordeal!⁷⁸ Apart from the general power challenge in the country, the poor conditions of infrastructural facilities and services such as roads, water supply, telecommunications, postal system, and other public goods have raised the issue of local industrialist 'substituting for the absence of development state' (Brautigam 1997).

5.1.6 The Economic or Entrepreneurial Landscape of Enugu Metropolis

A cursory glance around the city appears to reveal a rather indiscriminate or chaotic location and distribution pattern of the diversity of businesses. However, background knowledge based casual observation and recognisance surveys do reveal spontaneous formal- and informal-sector clusters both within and at the periphery of Enugu. Preliminary evaluations of these patterns do show some discrete tendencies: one, an onset of formal manufacturing clusters around the Emene Industrial layout and the 9th Mile Corner in the city outskirts, which are 8.39 km and

⁷⁸ This NBS/SMEDAN Survey result is supported by Eifert et al. (2005: 35), who in their comparative assessment of business environment involving 15 countries across Africa, Asia and Latin America (Bangladesh, Bolivia, China, Eritrea, Ethiopia, India, Kenya, Morocco, Mozambique, Nicaragua, Nigeria, Senegal, Tanzania, Uganda, and Zambia) demonstrated the overwhelming dependence of Nigerian MSMEs on generator usage. The share of generator ownership in Nigeria – Micro Enterprises (83%), Small/Medium Enterprises (96%), and Large/Very Large Firms (99%) – was clearly the highest; and its closest rivals being Kenya (at 46%, 67%, and 89%), and maybe India (at 23%, 76%, and 91%) in that order.

9.12 km (as the crow flies) from the CBD respectively (refer to Figure 5.2); two, the concentration of formal wholesale and trading enterprises in the CBD adjacent to the Ogbete main market; and three, city-wide clusters of informal-sector businesses in the form of markets, private shopping centres, and expanding shopping streets (refer to Figures 5.8-5.13). Table 5.6 shows a list of business and industrial clusters in Enugu, the estimated number of stores/stalls and their respective commodity stocks. Although the Enugu Master Plan (165-167, 211-212) sought better organisation of the city's commercial district by relocating the Railway Station to the eastern periphery (behind Independence Layout) with the plan object of strengthening the forward and backward linkages between the informal and formal sector businesses, this plan proposal went unimplemented.

Based on the available statistics, there are about 2,221 formal sector enterprises or SMEs (including a few large enterprises), and a gross total of well over 8,000 informal businesses in Enugu. A closer look at these formal and informal sector data aggregates is crucial since they constitute basic reference points for defining the city's *business landscape*.



Figure 5.8 Ogbete Main Market, Enugu (Notice the barrow-pusher in the foreground).

Table 5.6 Planned and Spontaneous Business Clusters in Enugu Metropolis (2010)

Business Cluster	Estimated No. of	Commodity Stocks
A. Conventional Markets	<i>Stores/Stalls*</i>	Local staple foodstuffs; fresh fruits and vegetables; fresh/frozen meat, fish, shrimps and other seafood; manufactured products (from food, dairy to electronics); alcoholic and non-alcoholic beverages; repairs, fabrications, and processing; miscellaneous services (hair plating, tailoring to mobile phone servicing); etc.
1. Abakpa Market	280	
2. Afia-Nine	250	
3. Ama-Hausa Market	383	
4. Aria New Market	4500	
5. Artisan Market	650	
6. Kenyatta Market	1406	
7. Gariki Market (82 Div.)	1450	
8. Mami Market	322	
9. Maryland Market	120	
10. Mayor Market	88	
11. New Haven Market	572	
12. Ogbete Main Market	14,500	
B. Major Shopping Streets	**	General merchandise; church-based organisations; business/personal services.
1. Agbani Road	548	
2. Amawbia Street	97	
3. Chime Avenue-Ogui Road-Market Road Axis	886	
4. Kenyatta-Edozie Streets	155	
5. Nike Road	780	
6. Obiagu-Presidential Roads	668	
7. Zik's Avenue	327	
C. Specialised Product Markets	*	Motor/motorcycle/machine spare parts & repairs.
1. Coal Camp Spare-parts Market	850	
2. Mechanic Village, Coal Camp	56	
3. Presidential Road Mechanic Village/spare part Market	128	
4. Ebeano Livestock market (New Artisan)	780	
5. Maryland Timber shed	585	
6. Nike Road Timber shed	215	
7. GSM/Computer Village	53	
D. Nascent Industrial Estates	Factories/Stores ***	Manufactured/processed products.
1. Emene Industrial Layout	12	
2. 9 th Mile Industrial District	4	
3. Eastern Nigeria Industrial Estate	25 stores	

Source: Fieldwork, December 2009. **Note:** * Figures were obtained from the respective market superintendents or the associations; ** Figures were derived from FIRS and LGA data; *** With exception of Eastern Nigerian Industrial Estate that was enumerated, figures were derived from ECCIMA membership records.



Figure 5.9 Coal Camp Motor Spare-parts/Industrial Market, Enugu.



Figure 5.10 Presidential Road Mechanic Village.

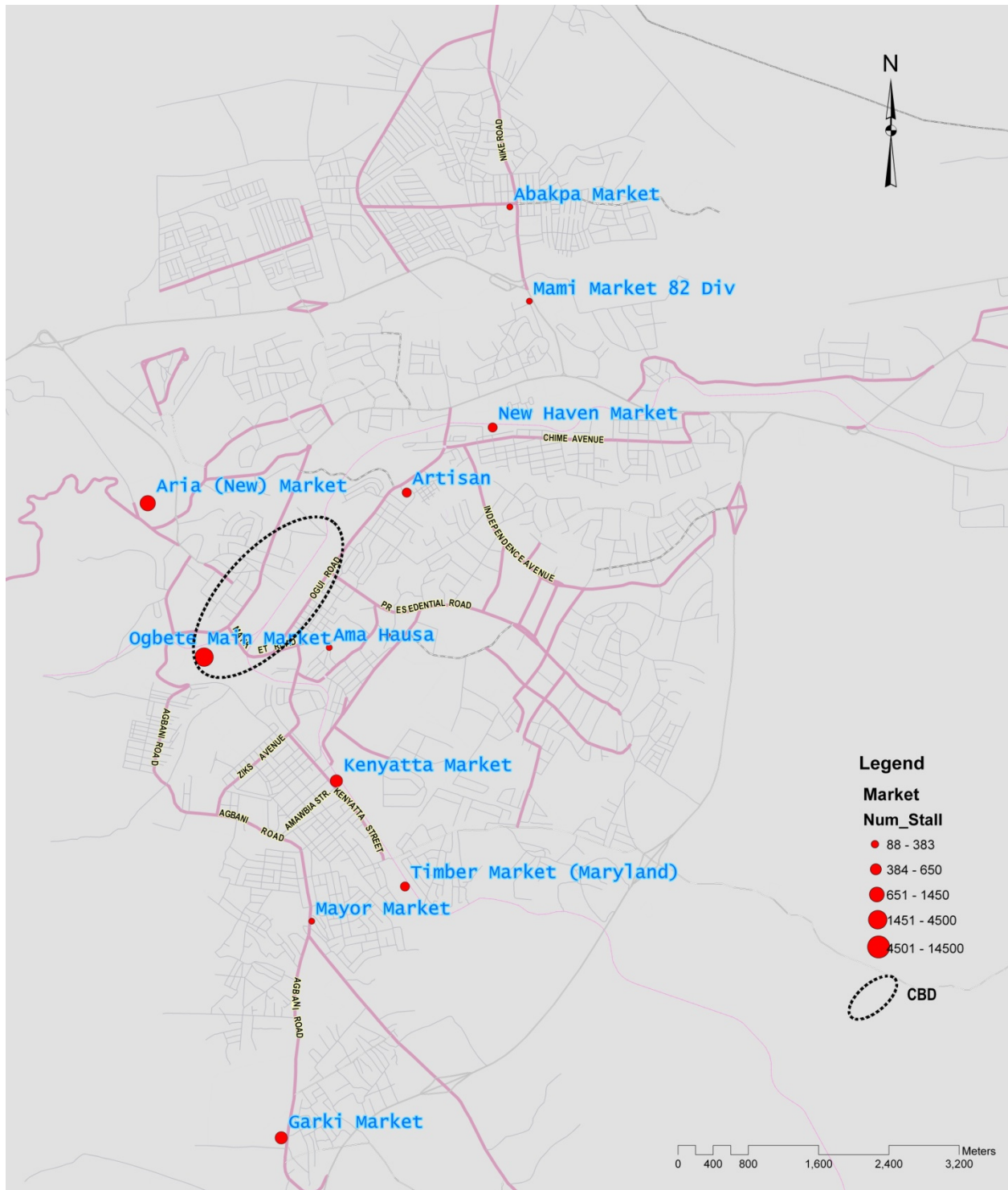


Figure 5.11 Map of Enugu showing the major markets and business or shopping streets



Figure 5.12 Rows of sheds at the Maryland Timber Market in Enugu



Figure 5.13 A section of the Ebeano Livestock Market, off Enugu-Port-Harcourt Expressway, Enugu.

5.2 RESEARCH METHODOLOGY

This section spells out the mode and process of the study vis-à-vis the type and sources of data, survey and sampling technique, and method of data analysis. The current research is complex and multi-dimensional, and as such would require the generation of detailed physical/spatial, socio-economic, and policy information. The study's point of departure is informed by two key research stratagems, and they are the notion of *levels of analysis* and the technique of *multiple or mixed method designs*. Whereas the former (*levels of analysis*) inputs certain spatial correspondences as well as shared local, national, and global effects among cities within national and global urban systems (Andranovich & Riposa 1993; Herbert & Thomas 1997), the latter approach, on the other hand, demands the application of multiple data types (quantitative and qualitative data) from diverse sources to safeguard the coverage of the broad research scope (Andranovich & Riposa 1993; Leedy & Ormrod 2010: 97, 136). Moreover, 'multiple data sources' approach is not only meant to ensure coherence but it also guarantees "converge onto consistent conclusions" (Leedy & Ormrod 2010: 157).

Based on the above 'multistage' research process, the operational focus of the research sought principally to:

1. Map the location, composition, and perhaps time of establishment of discrete units and significant clusters of informal-formal businesses in Enugu;
2. Verify the apparent changes in the structure of each sector, the spatial and structural relationship (if any) between them and the possible determinant factors; and
3. Determine, if possible, the current economic, industrial, and planning policies that impinge on the location and distribution of these business sectors.

Due to this broad coverage (refer to Table 1.2 for a contextual outlay of the entire research framework) along with some other inevitable delays, the fieldwork component became

staggered and quite protracted. It actually took place between September 27, 2011 and July 18, 2012 as outlined in Table 5.6.

Table 5.7 Outline of the Phases in the fieldwork in Enugu metropolis (2010-2012).

Phase	Period	Duration
Field observation & Land Use (or spot) Surveys	September 1, 2010 to October 12, 2011	14 months
Formal & Informal Sectors Questionnaire Surveys	September 27, 2011 to October 18, 2011.	3 weeks
Personal Interviews	July 28 to August 18, 2012	3 week

5.2.1 Nature of Data and Variables

The subsection is discussed under two subcategories, namely: Primary and Secondary Data Sources, Derivation and Presentation of Relevant Variables.

5.2.1.1 Primary and Secondary Data Sources

The research made use of both primary and secondary data. The former data type comprises of fieldwork data and notes, while the latter consists of published materials sourced mainly from: academic literature (articles, books, working papers, mimeographs, and theses); grey literature (public gazettes, government and institutional policy and research reports); and official records of government departments and agencies. The research framework required that detailed information on the exact location and distribution of myriad informal and formal business units in Enugu metropolis be obtained with a view to exploring, among other things, the spatial and structural linkages between these two economic segments, in addition to their causal factors. As earlier mentioned, the study relied exclusively on the business establishment statistics of the Federal Inland Revenue Service (FIRS, Enugu Zonal office) for the formal sector dataset because of its comprehensiveness⁷⁹. The dataset released by this regional office of the national

⁷⁹ The other formal sector business databases maintained by two other organisations – the Enugu Chamber of Commerce, Industry, Mines and Agriculture (ECCIMA), and the Enugu Office of the Manufacturing Association of Nigeria (MAN) – are non-inclusive of unregistered member-firms.

tax administration agency contains a total of 1983 active ‘cases’ (enterprises) and about 1982 dormant ‘cases’. The FIRS Enugu Zonal office maintains a register of only ‘live’ and ‘dormant’ cases (the agency’s euphemisms for active and inactive companies respectively) of incorporated SMEs and large enterprises in the sub-region with an annual turnover of less than ₦1 billion (about US \$6.4 million). The database specifies the following attributes of the enlisted enterprise: name and address; the registration certificate (RC) number, line of trade; date of incorporation; tax identification number (TIN); and the accounting date.

The figures for the informal enterprises sourced from the records of two LGAs – Enugu North with a total of 2268 informal businesses and Enugu South with a total of 4922 informal businesses. Due to lack of data on informal businesses in Enugu East LGA, a the field survey had to be conducted between July 11 and July 15, 2012 yielded a total of about 2970 business units. The difficulty associated with data collection in the informal sector is not new: Liedholm & Mead (1987: 4) have related this to, among other intricacies, “their numbers are vast, their locations are widely dispersed and often impermanent, problems of classification are intricate and proprietor's incentives to cooperate are weak.” Again, the fact that much of the activities are invisible could pose a great challenge. Be as it may, the data outlays obtained for the formal and informal sector enterprises in Enugu metropolis (presented in the next Chapter) are comparatively comprehensive and reliable since the levying authorities (which in this case are FIRS and the LGAs) have great financial incentives in updating their business registers. It is with the aid of these two datasets that the GIS-based distribution maps of informal and businesses in Enugu were generated – replicas of the city’s *economic* or *entrepreneurial landscape*.

5.2.1.2 Derivation of Relevant Variables

As earlier hinted, the causal factors in the global expansion of informal work in both the formal and informal sectors include: the IMF structural adjustment programme in developing

countries, increasing labour market flexibility, rural-urban migration, diminishing state welfare provision, economic stultification and widespread unemployment as well as high cost of formality (Portes, Castells & Lauren 1989; de Soto 1989; Schneider & Enste 2000; Eggenberger-Argote 2005; Ishengoma & Kappel 2006). A thorough literature review on the subject would reveal the significance of the underlisted attribute-variable in the bid to explain the spatial and structural relationships between informal and formal sectors. They include:

- i Business types (formal versus informal sectors);
- ii Nationality/ethnicity of entrepreneur;
- iii Socio-economic characteristics of entrepreneurs (age, gender, level of education);
- iv Duration of business (in years, days of the week, and hours of the day);
- v Amount and source of venture capital;
- vi Level of business patronage and income;
- vii Socio-economic challenges in business start-up and management;
- viii Product/service profile and reach;
- ix Workplace design and form (table stall, store, crate, etc.);
- x Available infrastructure (electricity, water, telecommunications, toilet, etc);
- xi Situation/location attributes of business distribution with respect to the CBD, discrete cluster clusters, urban fringe and corridor;
- xii Factors in the distribution of informal and formal business units;
- xiii Indices of spatial and structural relationships between the two business segments;
- xiv Indices of structural relationships and changes;
- xv Perception of the business conditions in the CBD; and
- xvi Changing physical and environmental conditions in the CBD

5.2.2 Observations, Surveys and Sampling Technique

Primary data collection undertaken in the study incorporated a combination of diverse approaches, comprising of: (i) field observation; (ii) land use (or spot) surveys; (iii) questionnaire surveys; and (iv) personal interviews. Since the study is city-wide, involving a large geographical tract, *proportional stratified sampling* was applied to the questionnaire surveys in order to minimise the asymmetries of business differentiation and distribution

(Leedy & Ormrod 2010: 209). We shall then elaborate on these data collection and sampling methods with reference to their particular field application.

5.2.2.1 *Field Observations*

This aspect of the fieldwork involves casual as well as intentional site recognisance that facilitated the articulation of not only the general urban visual character of Enugu metropolis but also other peculiar characteristics of its *entrepreneurial landscape*. A reference letter was obtained from my departmental head in my institution, the University of Nigeria, Enugu Campus to facilitate the fieldwork (the sample document is attached in Appendix C). Field notes and photographs were useful for recording the significant features and incidents. This data collection procedure can be said to have dovetails into the next stage – land use or spot survey – but it is essentially continuous.

5.2.2.2 *Land Use (or Spot) Survey*

Mapping the *urban economic landscape* – or in Anita Spring's (2009) the 'full landscape of entrepreneurship' – requires that we, first and foremost, generate accurate GIS-based maps of the distribution patterns of business units in both informal and formal sectors. Therefore, land use or spot surveys are of essence in order to identify or/and scrutinize the distribution of particular business units and their clusters. In the absence of any GIS map of Enugu, the original research intention was to obtain the GPS co-ordinates of all the informal and formal business units in the available data inventories as the basis for generating their respective *spatial point patterns*. Point process statistics, as the method is known, aims to "analyse the geometrical structure of patterns formed by objects that are distributed randomly in one-, two- or three-dimensional space" (Illian et al. 2008). This is undoubtedly a laborious and protracted task considering the enormous number of businesses units involved! But the acquisition of a 2010 high resolution aerial photograph of Enugu helped considerably to simplify the task, and created an opportunity for crucial improvisations with the aerial photo image of Enugu metropolis produced by the Digital Mapping Company of Nigeria (DMCO) at an accuracy

specification denoted by a *Root Mean Square* (RMS) error of 5 cm and *Ground Spatial Resolution* (GSR) of 1:15. The researcher engaged one GIS resource-person who co-ordinated three other paid field workers, who made on-site identification and clarification of building addresses/locations as they apply to the assorted business units in the available inventories or lists. The procedure took approximately 14 months to complete from September 1, 2010 to October 12, 2011. With this combined procedure involving *aerial photograph interpretation* (API), *field verifications*, and accuracy proofs (Donnay, Barnsley & Longley 2001), the various diverse point- or dot-patterns of informal and formal business distributions were obtained by overlaying the digital geo-referenced map on the aerial photographic image of Enugu metropolis (see Figure 5.14).

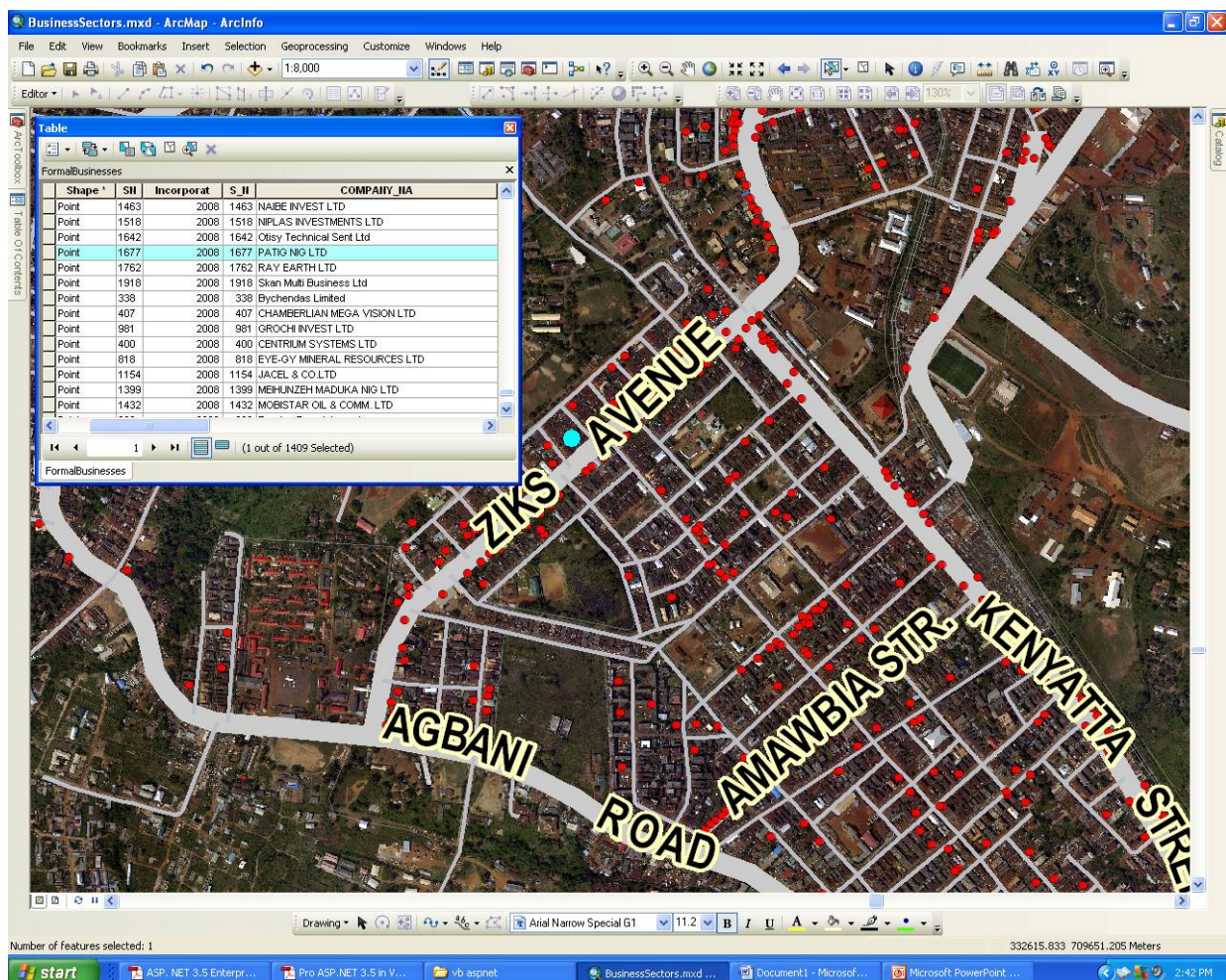


Figure 5.14 The map overlay technique and the siting of point-patterns (The blue point indicates the location of Patig Nigeria Ltd., a building and construction company founded on April 10, 1994, and located at No. 99 Zik Avenue, Uwani Layout, Enugu).

Using this approach (as shown in Figure 5.15), we arrived at the various spatial point pattern-distribution maps of informal and formal business unit in Enugu. Clearly, this approach is consistent with scientific empiricism and has been applied for decades, with elaborate success, by GIS and remote sensing experts to spatial data analyses in urban planning, land use changes, ecological as well as land-cover mapping (Herold, Lui & Clarke 2003; Scott & Janikas 2010).

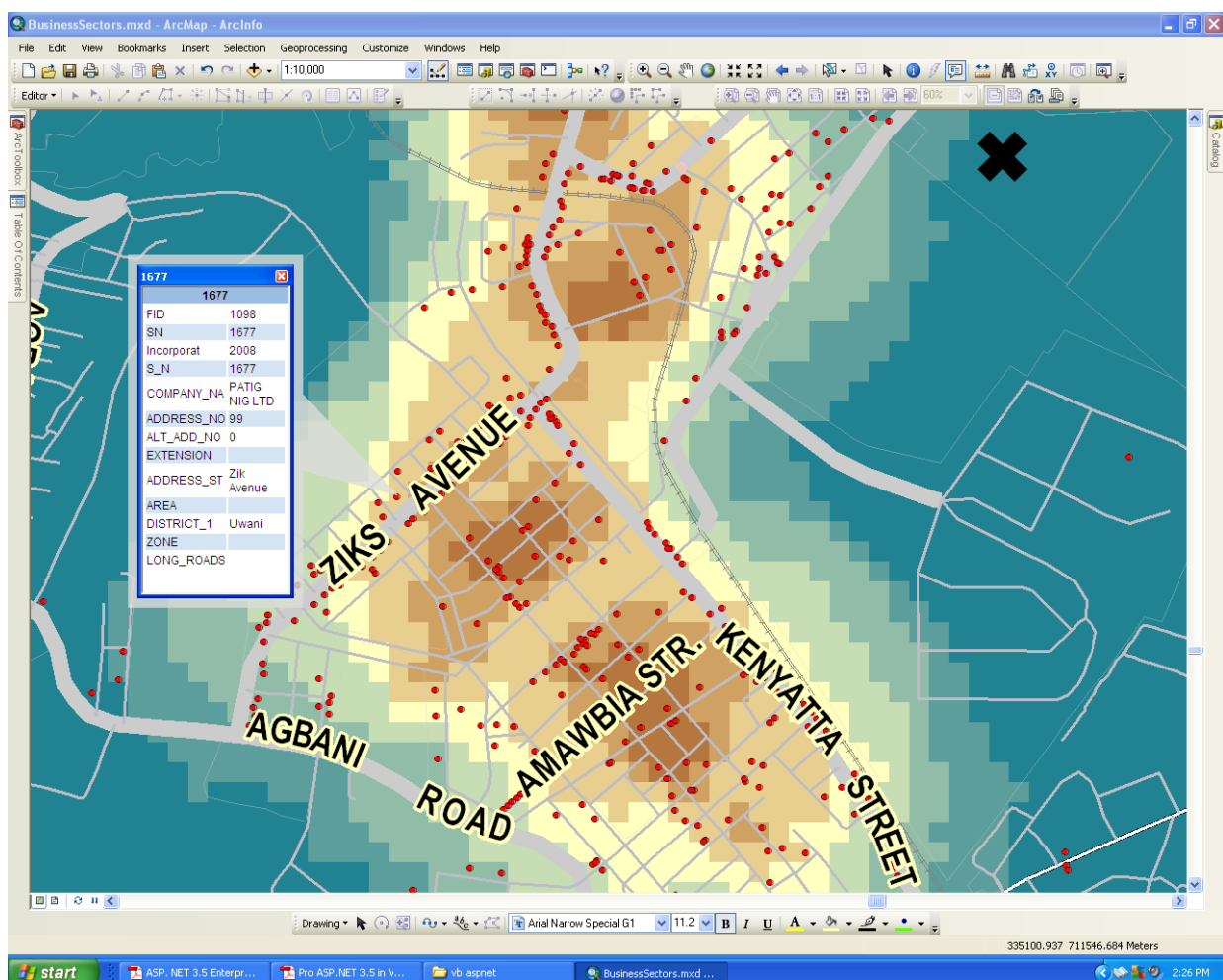


Figure 5.15 A Close-up of the density map of formal business distribution in Enugu showing the information label of Patig Nigeria Ltd.

5.2.2.3 Informal and Formal Sectors Questionnaire Surveys

Since the research scope covers informal and formal business units, two separate questionnaires appropriately titled *Informal Sector Questionnaire* and *Formal Sector Questionnaire* were

devised for the operatives in both economic sectors (the samples can be seen in Appendix A and B)⁸⁰. The former (*Informal Sector Questionnaire*) and the lengthier of the two sought to investigate through elaborate close-ended questions the following aspects of informal enterprises in the city of Enugu, among others: (i) the exact business location (street address); (ii) demographic and socio-economic characteristics; (iii) product type and business category or segment; (iv) location and physical characteristics of the workplace; (v) general business and income-generation profile; (vi) economic/fiscal profile and mode of transaction; (vii) relationship with other businesses (formal and informal); and (viii) assessment of business structure and workplace environment. The *Formal Sector Questionnaire*, on the other hand, focused on the following attributes of formal sector establishments: (i) the exact business location (street address); (ii) ownership of business (expatriate or national/ethnic origin); (iii) duration of business; (iv) relationship with other businesses (formal and informal); and (v) location/relocation preferences and the perception of the CBD.

The two surveys were undertaken concurrently by five field assistants, out of which are three students and two graduate-assistants, each person covering specific enterprise category or stratum (refer to Figure 5.16). This was done on a self-administered basis to enhance comprehension and maximum return. The survey which started on September 27, 2011 with brief training sessions to acquaint period the aides with the characterisation of the enterprise categories⁸¹ took about three weeks to complete, from September 27, 2011 to October 18, 2011. Moreover, the *multistage* nature of the enquiry coupled with the need to account for the relevant

⁸⁰ The questionnaires were actually adapted to the Nigerian setting from the original prepared by the international study group on SANPAD-sponsored research on 'Changing Business Landscapes in Developing and Developed Countries'. This research is based at the Centre for Regional and Urban Innovation and Statistical Exploration (CRUISE), Department of Geography, University of Stellenbosch, Matieland, South Africa.

⁸¹ There was need to spell out the diverse sub-components of the business categories, viz a viz: Whole & Retail Trade (trading companies, supermarkets, convenient stores, informal vendor, etc.); Personal Services (laundry, haircut, hair plaiting, shoe shining, etc.); Technical Services (mechanics, panel beating, vulcanising, photography, plumbing works etc), Manufacturing & Processing (product finishing, grinding, milling, etc), and Financial Intermediation (banking & mortgage, bureau de change, moneylenders, etc.).

variables checklist (see *Subsection 5.2.1.2*) required that we probed further into anatomy or structure of a few selected business units.



Figure 5.16 Brief training session organised for the field assistants on August 27, 2011.

5.2.2.4 Personal Interviews

Structured interviews were arranged with the owners (or in some cases with the managers) of six enterprises selected *purposively* across sectoral and enterprise segments. This is meant to obtain more detailed profiles of selected enterprises in Enugu with a view to ascertaining the issues of: (i) global-local relationships in urban economy; (ii) upstream and downstream linkages; and (iii) the intricacies of product spread and market reach. The interview format derives principally from the business-sector anatomy model developed by Geyer (2009b) (shown in Figure 4.1, page 104), although with some inputs from Anita Spring (2009) on product sourcing, market reach (local, national, regional, international) and business association/network affiliations.

The core interview questions sought to ascertain the following attributes of the selected business units, such as: (i) size and class (global-super to micro-survivalist); (ii) type (formal, informal, virtual, or even semi-formal); (iii) sectoral range (pentanary, quarternary, tertiary,

secondary, or primary); (iv) level of sophistication (intellectual, sophisticated, conventional, transitional, or traditional); (v) locational features (headquarters and branches in city hierarchy); (vi) input sourcing and market reach (global, international, national, state, or local); (vii) communication mode (electronic, bureaucratic, corporate formal, personal structured, or personal casual); and (viii) membership of association/networks (local association, chambers of commerce, manufacturer's association, employers' association, professional associations, or regional/international association).

5.2.2.5 *Samples and Sampling Techniques*

On the configuration of the *entrepreneurial landscape* of Enugu as denoted by the distribution of informal and formal sector enterprises, the study attempted 100-percent coverage of the available lists, although this is subject to their rather subjective level of accuracy and comprehensiveness. The formal- and informal-sectors questionnaires surveys are based on the *Proportional Stratified Sampling*, in which sample sizes of the respective business categories are predicated on their percentage incidence in the country. Identifying with this heterogeneity in business enterprises is important because according to Nishikawa (2003: 63) “a population that had a greater degree of similarity can be represented with a smaller sized sample.”

Put together, these amounted roughly to 10,000 micro enterprises or informal business units. Given that in all approximately 12,000 formal and informal businesses are under review, we settled for a small of 312 business units (representing a little less than 3%) with equal stratification for both informal and formal sectors. There diversity of businesses, particularly in the informal sector, in the city is quite wide. But judging from observation and knowledge of the study area, as well as some examples of previous studies in the country, a five-tier categorisation was adopted in order to obtain representative samples of the broad assortment. The sample proportions or percentages shown in Table 5.11 – wholesale and retail trade (32%); personal services (12%); technical services (20%); manufacturing and processing (24%); and

financial intermediation (12%) – are based on a national survey by Abumere, Arimah & Jerome (1998).⁸² Since they were self-administered, all the 312 questionnaires (156 for each of the economic segments) were returned but 6 of them had to be discarded due to incompleteness or improperly filling. Hence, the total sample size (*N*) is 306.

Table 5.8 Sample Size Determination of the Informal- and Formal-Sector Questionnaire Surveys in Enugu Metropolis, Nigeria.

Business Category	CBD & Environs			Shopping Streets			Enterprise/Ind. Clusters			Isolated Locations			Sample Size	
	F	I	ST	F	I	ST	F	I	ST	F	I	ST	%	No
Whole & Retail Trade	12	12	24	12	12	24	12	12	24	12	12	24	32	96
Personal Services	5	5	10	5	5	10	5	5	10	5	5	10	12	40
Technical Services	8	8	16	8	8	16	8	8	16	8	8	16	20	64
Manufacturing & Processing	9	9	18	9	9	18	9	9	18	9	9	18	24	72
Financial Intermediation	5	5	10	5	5	10	5	5	10	5	5	10	12	40
TOTAL	39	39	78	39	39	78	39	39	78	39	39	78	100	312

Note: (F) Formal Sector; (I) Informal Sector; (ST) Sub-Total

5.2.2.6 Methods and Techniques of Data Analyses

The current research needed to handle and organise enormous but assorted data from the field observations, land use (or spot) surveys, informal and formal sectors questionnaire surveys, and personal interviews. In multistage study of this kind that highly data generative, it is imperative to employ certain data reduction techniques capable of improving the manageability and usefulness of the expected huge data pool (Wang & Vom Hofe 2007). According to Wang & Vom Hofe (2007), data can be reduced in two distinct ways: *sectoral aggregation* or the act of segmenting data into coherent attribute-sectors; and *spatial aggregation* or the act of translating quantitative data into spatial dimensions. Both approaches were quite useful in this research as

⁸² A 1995 survey revealed the relative proportion of informal enterprises in Nigeria as: Processing (1.6%); Repairs (7.6%); Personal Services (10.9%); Agricultural Services (5.4%) (Abumere et al. 1998: 21); Trading & Other Services (29.3%); Technical Services (17.2%); Fabrication (27.9%). The NBS/SMEDAN 2010 Survey came up with the following enterprise categories in descending order of significance: Wholesale & Retail Trade/Motor Vehicle Repairs & Household Good (53.24%); Manufacturing (16.79%); Agriculture (16.27%); Community, Social & Personal Services (7.0%); Transport, Storage & Communication (3.74%); and Others (2.96%).

we shall see in subsequent Chapters. Meanwhile, let us specify some of the data analytical techniques by considering the data collection methods one after the other.

The output of the field observations and land use (or spot) surveys had to be spatially aggregated by the use of the *spatial statistics tools* of the ESRI's ArcGIS software. Scott & Janikas (2010: 27) elucidate its broad functions and products:

“GIS technology allows the organization, manipulation, analysis, and visualization of spatial data... Spatial statistics comprises a set of techniques for describing and modelling spatial data. In many ways they extend what the mind and eyes do, intuitively, to assess spatial patterns, distributions, trends, processes and relationships.”

5.2.2.7 Spatial Statistics Analysis

For the benefit of the current enquiry and in line with the first goal of the study (refer to Section 1.5.1, pages 20-23), two particular toolsets were used, and they include: (i) *Spatial Analyst Tool* (Point Density); (ii) *Measuring Geographic Distributions* (Spatial Mean Centre); and (ii) *Analysing Patterns* (Hot Spot Analysis or the Getis-Ord G_i^* , Spatial Autocorrelation and Multi-distance Spatial Cluster Analysis or Ripley's K function). This is in order to verify the patterns and attributes of informal and formal business distribution in Enugu, and the spatial relationships between the two economic segments.

The four particular spatial statistics measures listed above are of the essence in the current research. The *Point Density* computes the magnitude or extent of point features per unit area in the raster cells. The *Spatial Mean Centre* (SMC) measures the central geographic tendencies of the informal and formal business distributions since it pinpoints “the geographic centre for a set of features” (Scott & Janikas 2010: 29). Since the current emphasis on spatial point distribution does not input any factor of business size, there was no need to input any

weights, and so the *Weight Spatial Mean Centre* tool set was not consider. Sahoo (n.d.) expressed the formula for calculating the SMC is stated as follows:

$$\bar{X}_c = \frac{\sum X_i}{n} \text{ and } \bar{Y}_c = \frac{\sum Y_i}{n}$$

[Where \bar{X}_c = mean centre of X; \bar{Y}_c = mean centre of Y; X_i =X coordinate of point i; Y_i = Y coordinate of point i; and n = number of points in the distribution]

The other three pattern analysing measures include: (i) Hot Spot Analysis or the Getis-Ord G_i^* ;

(ii) Spatial Autocorrelation; and (iii) Multi-distance Spatial Cluster Analysis or Ripley's K function. The Getis-Ord G_i^* distinguishes portions of high and low agglomerations or clusters by

highlighting spatial features with high values surrounded by other covalent features while Spatial Autocorrelation or Global Moran's I is a measure of spatial associations depicting the extent of clustering or dispersion of 'feature locations and attribute values' (Anselin 1992; Scott & Janikas 2010: 31), which in the present case is the distribution of informal and formal business units. Moran's I equation is also expressed as follows (see Sahoo n.d.):

$$\text{Spatial Autocorrelation, } \beta = \frac{N}{S} \frac{\sum_{i=1}^n \sum_{j=1}^n W_{ij} (X_i - \bar{X})(X_j - \bar{X})}{\sum_{i=1}^n (X_i - \bar{X})^2}$$

[Where X_i = the observed value at i location; X_j = the observed value at j location; N = the number of locations; $S = \sum_{i=1}^n \sum_{j=1}^n W_{ij}$; and ($i \neq j$)]

The Ripley's K function, on the other hand, is used as a confirmatory test to the Global Moran's I since it helps to assess the extent of "clustering and dispersion for a set of geographical unit over a range of distances" (Scott & Janikas 2010: 31). It is calculate by the formula:

$$\text{Ripley's } K \text{ function, } L(d) = \sqrt{\frac{A \sum_{i=1}^H \sum_{j=1, i \neq j}^n k(i,j)}{\pi N(N-1)}}$$

[where A = the area in question; N = the number of geographical features or points; d = the distance; $k(i,j)$ = the weight, which is 1 when the distance (ij) is less than or equal to d and 0 when the distance (ij) is greater than d].

The attributes maps and data generated from the above analytical procedures helped to achieve a number of salient research objectives and test (the *spatial autocorrelation*, in particular) the first research hypothesis (refer to Section 1.5.1, pages 20-23). This verification is presented in depth in the next Chapter.

Furthermore, the informal and formal sectors questionnaire data had to be coded – i.e., translated into a number format for the ease of computer analysis. This data conversion procedure involved setting particular numbers to denote different values in the questionnaire dataset. Based on this and the data-cleaning processes that accompanied it, sets of descriptive statistics, contingency tables (cross-tabulation), and Principal Component Analysis (PCA) were generated using the statistical package for social sciences (SPSS). The descriptive statistics (mostly frequency distribution tables) facilitated the specific depiction of the nature informal and formal businesses in Enugu, and their ownership structure, business interrelationships, and physical/business environment with emphasis on the CBD. The cross-tabulation, on the other hand, attempted to combine/compare the respective values of the isolated variables based on the identified case distribution (i.e., business categories: Whole & Retail Trade; Personal Services; Technical Services; Manufacturing & Processing; and Financial Intermediation).

The application of the PCA to this study is dictated by the recurring data analytical challenge of reducing measurement overlap. The PCA is a parametric statistics and makes use

of only interval and ratio data; and hence, a collection of Likert-scale (an interval scale measurement) responses derived from the informal and formal sector questionnaires (in Appendix A and B) pertaining to physical, economic, and socio-cultural predispositions of diverse businesses were analysed to determine their factor loadings, relative significance, as well as the specific and overall effects they have on the spatial-structural causalities in the *entrepreneurial landscape* of Enugu. It is based on the output of this PCA that the second hypothesis will be tested. The personal interviews took place from July 28 to August 18, 2012, and included about 7 enterprises chosen by purposive sampling from across the informal-formal sector spectrum of Enugu. The name of the enterprise, product, sector, and date of interview are shown in Table 5.12.

5.2.2.8 Research Limitations and Experiences

Like in many other African countries, the availability of up-to-date data is often a pipe dream. Routine official data gathering and storage is even a big challenge, how much more collecting

Table 5.9 Name, Sector, and Product line of enterprises interviewed in Enugu with dates.

Enterprise	Sector & Description	Product Line	Interview Date
1. Anambra Motor Manufacturing Co. Ltd. (ANAMCO)	Formal Sector – Motor Assembly	Mercedes trucks, Atros trucks, spare-parts, repairs, and maintenance	July 16-20, 2012
2. Nigerian Bottling Co. Ltd. (NBL)	Formal Sector – Soft drink bottling.	Soft drinks and bottled water.	June 17, 2012
3. Albertina Nigeria Ltd.	Formal-Informal Sector – Wholesale & trading company.	Household electronic appliances, electric generators, and furniture	August 22, 2012
4. Anyi-West Aluminium Industries Ltd.	Informal Sector – Aluminium door & window fabrication	Aluminium doors and windows	August 22, 2012
5. Be-Still Modern Interiors	Informal – Carpenter/Upholsterer	Furniture and sofas.	August 11, 2012
6. Uwakwe	Informal Sector – tyre vulcaniser	Tyre vulcanising, pumping, and sale of second-hand tyres.	July 24, 2012

Source: Fieldwork and Analysis, October, 2012.

informal sector data with intrinsic complexities and impediments. In addition to their minute size, vast number, scattered, and often times, transient location, and covert nature that make informal activities difficult to document (see Liedholm & Mead 1987), absence of time-series data and other deficiencies in the LGA informal datasets precluded the use of more robust analysis. Nonetheless, effort was made, within the limits of available data, to retrofit the current research to the vast theoretical framework underpinning Anita Spring's concept of *entrepreneurial landscape*.

Even at that, most LGA officials were often quite reluctant releasing requested information due both to discretion of unwarranted disclosure and a common suspicion of being investigated. A similar mistrust is also rampant in the business sector, particularly in the informal sector where most of the respondents are habitually wary of government taxation and eviction. Added to these procedural difficulties, the necessity to reconcile inherent variations across international, national and local case studies took much longer time that was originally anticipated at the research proposal stage. In fact, the staggered phasing in the fieldwork implementation epitomised the learning curve in the whole methodological adaptation. The findings are presented in the next Chapter.

CHAPTER 6: ENTREPRENEURIAL LANDSCAPE IN URBAN NIGERIA: EMPIRICAL EVIDENCE FROM THE CITY OF ENUGU.

The informal-formal distinction has been useful to disentangle the entrepreneurial landscape. In reality there is fluidity, but limitations are not spread out evenly from the micro to the small to the medium to the large. Movement backwards from the formal to the informal occurs in the cases of failed businesses and retrenched workers, and companies may find suppliers in the informal sector. (Spring 2010: 31).

The Chapter presents the field evidence based on the study of the informal-formal sector regimes in Enugu metropolis. In applying both inductive inference (like Andranovich's & Riposa's (1993) *level of urban analysis*) and comparative approach to the findings and their interpretation, the structural and dynamic characteristic of the *entrepreneurial (or economic) landscape* of urban Nigeria can be deduced. Since the evolutionary process in business development is one of the pivots of the current study, it is important to assess the characteristics, growth prospects of Enugu's informal sector, and its spatial and structural relationships with the formal sector or essentially the rest of the economy. Basically, this is organised to follow the conceptual sequence implicit in the third, fourth and fifth research objectives set out in Chapter 1 – by way of recapitulation, thus: (iii) to verify the spatial and structural relationships between informal and formal businesses in Enugu, and the determinant factors (physical, economic, socio-cultural, policy, etc) of the observed changes; (iv) to establish current patterns in the sectoral spread of informal and formal businesses, and their upstream and downstream relationship; and (v) to examine the intricacies of product spread and market reach inside individual businesses and between businesses within the informal sector.

Chapter 6 is divided into three main sections. The first section presents a brief profile of Enugu's informal sector with regard to its nature, diversity, as well as location and workplace characteristics of informal businesses. The second section, on the other hand, offers a short account of the opposite end of Enugu's business continuum – the formal sector. In both

sections, the intent is both to delineate and provide a basis of assessment for the spatial and structural relationships between informal and formal businesses. In one way or the other, the in-depth interviews conducted with selected enterprises helped to buttress some aspects of this discussion. Lastly, the third section is on hypothesis testing, and it considers whether or not the two conjectural benchmarks formulated in the current research are mere chance or coincidental occurrences (see Leedy & Ormrod 2010: 278).

6.1 A BRIEF PROFILE OF ENUGU'S INFORMAL SECTOR

Under this section, the general backdrop of informality in business as it applies to the entrepreneurs, the informal businesses themselves, and their physical settings are carefully highlighted. For clarity sake and ease of presentation, these findings are presented in two sub-sections dealing in turn with the spatial and structural attributes of informal sector businesses in the city of Enugu.

6.1.1 Structural Attributes of Informal Business Activities

This sub-section is treated under the following sub-heading: Ownership Structure, Age, Gender and ethnicity; Socio-economic Characteristics of the Informal Entrepreneurs; Rational and Sources of Business Start-up and Duration; Business Category and Product Range; Business Setting and Access to Infrastructure; Challenges to Informal Business Operation and Social Organisation in the Informal Sector

6.1.1.1 Ownership Structure, Age, Gender and ethnicity

The ownership structure of Enugu's informal sector as shown in Table 6.1 reveal that a majority of those engaged therein are actually the owners of the businesses (64.7%) whereas the remnants are employees (35.3%). This is consistent with national and global trends since sole proprietorship is the most prevalent ownership form in the informal sector in Nigeria (Abumere,

Arima & Jerome 1998; NBS 2012) and the world-over (Chen 2007). Besides, a low-employee regime happens to be one of the defining features of the informal sector.

Table 6.1 Ownership structure of the informal businesses in Enugu

Ownership Structure of Informal Business	Frequency of Response	Percentage Frequency (%)
1. Owner	99	64.7
2. Employee	54	35.3
<i>Total</i>	<i>153</i>	<i>100.0</i>

Source: Fieldwork and Analysis, October, 2011.

Table 6.2 Demographic and socio-cultural profiles of the informal sector in Enugu

Age, Gender, and Ethnic Profile	Frequency of Response	Percentage Frequency (%)
A. Age		
1. Below 18	Nil	-
2. 18-30	62	40.5
3. 31-50	40	26.1
4. Above 50	51	33.3
<i>Total</i>	<i>153</i>	<i>99.9</i>
B. Gender		
1. Male	71	46.4
2. Female	82	53.6
<i>Total</i>	<i>153</i>	<i>100.0</i>
C. Ethnicity		
1. Igbo	134	87.6
2. Hausa	19	12.4
3. Yoruba	Nil	-
4. Others	Nil	-
<i>Total</i>	<i>153</i>	<i>100.0</i>

Source: Fieldwork and Analysis, October, 2011.

The sector is female-dominant with a male-female sex ratio of 1:1.16 and that most of them fall between the 16-30 age cohort. As expected, a vast majority of the informal self-employed and wage workers are *Igbos* (87.6%) with a smattering of *Hausa* people (12.4%) as specified in Table 6.2. This is because the *Igbos* constitute the major ethnic group both in Enugu and the entire Southeast Nigeria (Iloeje 1981). The ‘legendary prowess’ of *Igbo* informal-entrepreneurs in trading and other informal activities make them very well represented throughout the

country; and this contrasts with the other ethnic groups (including Yoruba, Hausa, Fulani, Edo, Nupe, Kanuri, and others) whose size compositions tend to be more proportionate in cities or towns within or nearest to their respective geo-political/cultural enclaves (Abumere, Arimah & Jerome 1998: 39, 44; see also Brautigam 1997).

6.1.1.2 Socio-economic Characteristics of the Informal Entrepreneurs

Table 6.3 shows that most of the entrepreneurs (70.6%) have secondary school qualifications while the rest either have primary school education (26.8%) or some secondary-level schooling (2.6%). This pattern, in which secondary education represents the highest frequency distribution, has been rather consistent over the years throughout the country (see Abumere,

Table 6.3 Socio-economic profile of the informal sector in Enugu

Level of Education and Income Attributes	Frequency of Response	Percentage Frequency (%)
A. Level of Education		
1. None	Nil	-
2. Primary School	4	2.6
3. Some Secondary School	41	26.8
4. Completed Secondary School	108	70.6
5. Tertiary Education	Nil	-
<i>Total</i>	<i>153</i>	<i>100.0</i>
B. No. of Customers per day		
1. Below 10	51	33.3
2. 11-20	100	65.4
3. Above 21	2	1.3
<i>Total</i>	<i>153</i>	<i>100.0</i>
C. Average Expenditure per Customer		
1. Below ₦100	Nil	-
2. ₦101 - ₦200	7	4.6
3. ₦201 – ₦500	2	1.3
4. ₦500 – ₦1000	103	67.3
5. Above ₦1001	41	26.8
<i>Total</i>	<i>153</i>	<i>100.0</i>

Source: Fieldwork and Analysis, October, 2011.

Arima & Jerome 1998: 32, 41; Oduh et al 2008: 38-39; NBS 2012: 71). Since the SAP, declining economic conditions has aggravated the employment situation, forcing an increasing number of better educated persons (those with tertiary education) to enter the informal sector. This gradual change in the education level of informal entrepreneurs is clearly shown the 22.1% and 17% attributed to respondents with tertiary-level education observed by Abumere, Arima & Jerome (1998) and Oduh et al (2008) respectively.

Generally, income regimes in the informal sector are variable and low, yet not all informal entrepreneurs are poor (see Blunch, Canagarajah & Raju 2001; Chen 2007). In the city of Enugu, well over 65% of informal entrepreneurs claim to receive 11 to 20 customers per day (refer to Table 6.3). And with the modal expenditure per customer values ranging between ₦500 and ₦1000, it can be deduce that a reasonable proportion (perhaps up to 60%, if the above figures are anything to go by) of the entrepreneurs turn over between ₦5,500 and ₦20,000 per day. Even the estimated turn-over of ₦5,500 per day (amounting to about ₦143,000 per month) can be considered a living or above-living wage! When compared with the account of the National MSME Survey of 2010 that about 76.9% of Nigerian micro enterprises reported a monthly turn-over of less than ₦50,000 (NBS 2012: 89), we discover that these figures may appear to be on the high side. However, this puzzle is curtailed when we factor in the facts presented in Table 6.4 that high proportions of the respondents claim to: (i) own two to three outlets business (58.8%); (ii) have multiple incomes (68.0%); and (iii) engage in labour churning (60.8%).

6.1.1.3 Rationale and Sources of Business Start-up and Duration

Although unemployment is often presumed to be the *raison d'être* for entry into the informal sector, empirical evidence in Nigeria and elsewhere has shown that diverse reasons actually account for business start-ups. From Table 6.5, it is obvious that unemployment (or underemployment, for that matter) is not as significant (7.2%) as often thought. Another way of

Table 6.4 Income and multiple livelihoods in the informal sector in Enugu

Income and Multiple livelihoods in the Informal Sector	Frequency of Response	Percentage Frequency (%)
A. Multiple business ownership		
1. One business outlet	63	41.2
2. Two business outlets	73	47.7
3. Three or more business outlets	17	11.1
<i>Total</i>	<i>153</i>	<i>100.0</i>
B. Multiple means of income		
1. Multiple incomes	104	68.0
2. Single income	49	32.0
<i>Total</i>	<i>153</i>	<i>100.0</i>
C. Sources of Multiple income		
1. Other permanent employment	93	60.8
2. Other self employment	47	30.7
3. Government grant	13	8.5
4. Other support (i.e., family or friends)	-	
<i>Total</i>	<i>153</i>	<i>100.0</i>

Source: Fieldwork and Analysis, October, 2011.

Table 6.5 Primary reasons for starting informal businesses in Enugu

Primary Reasons for Business Start-up	Frequency of Response	Percentage Frequency (%)
1. To increase income	54	35.3
2. Unemployment	11	7.2
3. To work from home	Nil	-
4. Involvement in family business	67	43.8
5. To seize business opportunity (entrepreneurship)	21	13.7
6. Others	Nil	-
<i>Total</i>	<i>153</i>	<i>100.0</i>

Source: Fieldwork and Analysis, October, 2011.

looking at it, however, may be that whereas unemployment presents the opportune occasion for job search, the key motivating factors include: (i) involvement in family business (43.8%); (ii) the necessity of generating some or additional income (35.3%); and (iii) entrepreneurial drive (13.7%).

Once a decision is reached to start a business, raising capital for that very purpose then becomes the next challenge. In Enugu, just a little half of the respondents were able to obtain start-up capitals of mostly above ₦20,000. Evidently from Table 6.6, the major sources of investible capital include: (i) loans from household members and relatives/friends (24.8%); and (ii) loans or credit lines from manufacturers/suppliers of merchandise (7.2%). The dire capitalisation prospects of these informal businesses is demonstrated by reported low ratio of beneficiaries (5.9%) from the government micro-enterprises fund coupled with the negligible

Table 6.6 Acquisition/Sources of start-up capital for informal businesses in Enugu

Acquisition & Sources of Start-Up Capital	Frequency of Response	Percentage Frequency (%)
A. Acquisition of Start-up capital		
1. Obtained Start-up capital	76	49.7
2. Did not obtain Start-up capital	77	50.3
<i>Total</i>	<i>153</i>	<i>100.0</i>
B. Sources of Start-Up Capital		
1. Household savings	28	18.3
2. Loan from Banks & other financial firm	6	3.9
3. Retrenchment or Severance payment	8	5.2
4. Development institution	1	0.7
5. Loan from Informal organisation	1	0.7
6. Loan from relative or friend	10	6.5
7. Government micro-business support fund	9	5.9
8. Manufacturer/Supplier of merchandise	11	7.2
9. Others	Nil	-
<i>Total</i>	<i>68</i>	<i>48.4</i>
C. Total Start-Up Fund		
1. Below ₦5,000	1	0.7
2. ₦5,001 - ₦10,000	2	1.3
3. ₦10,001 - ₦20,000	8	5.2
4. Above ₦20,001	142	92.8
<i>Total</i>	<i>153</i>	<i>100.0</i>

Source: Fieldwork and Analysis, October, 2011.

utilisation of the conventional means of raising investment capital – loans from banks and finance houses (3.9%) and sequestered funds from development institutions (0.7%). This

depreciatory investment pattern is collaborated by the National MSME Survey of 2010 which attributed about 84.6% of capital source for micro enterprises to personal savings and most of the remainder to family source. Shortage of investible funds for informal or micro enterprises and the possible measures for extending the conventional financial services to them is a universal development-policy challenge in both developed and developing countries (see Aryeetey 1992 *Ghana*; Soyibo 1997 *Ademu 2006 Nigeria*; Bauman 2004 *South Africa*; Oviedo 2009 *international experiences*).

An enormous 73.2 % of the businesses under review are merely one year old and less; and one notices that beyond this age-peak the number of businesses drops dramatically (refer to Table 6.7). This is not surprising at all, especially when we consider the very high mortality rates, or business failure rates recorded by many informal businesses in Nigeria. This has been attributed to bankruptcy due to shortage of funds and multiple taxation, as well as ownership structural deficiencies in sole proprietorship that hinder generational succession (Abumere, Arimah & Jerome 1998; Oduh et al 2008).

Table 6.7 Duration or time-span of businesses in Enugu

Duration or time-span of Business	Frequency of Response	Percentage Frequency (%)
1. Less than 6 months	39	25.5
2. Between 6 months and 1 year	73	47.7
3. Between 1 year and 2 years	31	20.3
4. Between 2 and 5 years	3	2.0
5. More than 5 years	7	4.6
<i>Total</i>	<i>153</i>	<i>100.0</i>

Source: Fieldwork and Analysis, October, 2011.

6.1.1.4 Business Category and Product Range

Notwithstanding the mode of categorisation, informal businesses in Enugu like in other Nigerian cities have a very wide diversity of economic segments/product lines. Applying the basic template, we observe from Table 6.8 that wholesale and retail trading (62.8%) are the most pervasive, and followed by services (24.3%) and manufacturing/production (13.0%).

Table 6.8 Business segments and product range in the informal sector of Enugu

Business Category & Product Range	Frequency of Response	Percentage Frequency (%)
A. Wholesale & Retail Trade		
1. Fresh produce (e.g. vegetables, fruit, meat)	8	3.4
2. On-site food preparation (take away foods)	Nil	-
3. Alcoholic beverages	6	2.5
4. Traditional medicines	Nil	-
5. Cigarettes and tobacco	6	2.5
6. Personal care (e.g. shampoo, soap, make-up)	Nil	-
7. Flowers	7	2.9
8. Accessories (e.g. bags, belts, hats)	23	9.6
9. Arts and crafts	12	5.0
10. Processed foods (canned, packaged, boxed e.g. chips, sweets)	11	4.6
11. Soft drinks		
12. Fuel & light (e.g. paraffin, matches)	17	7.1
13. Modern medicine (e.g. pills, tablets)	Nil	-
14. Washing and cleaning items (e.g. washing powder, tile cleaner)	Nil	-
15. Books and stationary	8	3.4
16. Clothing and footwear	30	12.6
17. Toys	12	5.0
18. Others	10	4.2
<i>Sub-Total</i>	<i>150</i>	<i>62.8</i>
B. Personal/Technical Services		
1. Personal care (i.e. hairdressers)	18	7.5
2. Shoe care	13	5.4
3. Electronic equipment repairs	5	2.1
4. Car repairs and services (e.g. car washers)	4	1.7
5. Medical	Nil	-
6. Cleaners	2	0.9
7. Telecommunication (GSM)	7	2.9
8. Others	9	3.8
<i>Sub-Total</i>	<i>58</i>	<i>24.3</i>
C. Manufacturing/Production		
1. Building/Construction goods	6	2.5
2. Arts and crafts	Nil	-
3. Others	25	10.5
<i>Sub-Total</i>	<i>31</i>	<i>13.0</i>
GRAND TOTAL	239	100.1

Source: Fieldwork and Analysis, October, 2011.

This pattern is consistent with the findings of several national surveys in Nigeria (see Abumere, Arimah & Jerome 1998; CBN/FOS/NISER 2001a: 65-67; Oduh et al 2008; NBS 2012). This

type of business distribution by economic segment or product line is also implicated in pattern even though it merged wholesale and retail trade with services (repair of motor vehicles and household goods) to get a massive 53.2%: and this is followed by manufacturing (16.8%) and agriculture (16.3%). Barring that informal business classification varies across countries, wholesale and retail trading are the most prevalent with the exception of Netherlands and Zimbabwe (refer to Table 3.10 in page 115 and 116).

In Nigeria, like other developing countries, the informal and formal sectors connect or relate with one another in more ways than one (see Arimah 2001; Ijaiya & Umar 2004). Labour churning and exchange of goods and services do signify the vital linkage channels. In Enugu, the supply networks of merchandise stocks of informal sector businesses cuts across the informal and formal segments of the economy. The myriad stock of goods (or inputs in the case of services) in the sector is sourced from different business outlets, but majorly: (i) wholesalers with the country for both locally made and imported products (30.6); and (iii) self-produced commodities (13.3%) as Table 6.9 shows.

Table 6.9 Sourcing and supply of merchandise in the informal sector in Enugu

Sourcing & Supply of Merchandise	Frequency of Response	Percentage Frequency (%)
1. Manufacturer	25	9.8
2. Other retailers	28	11.0
3. Wholesaler (with Nigeria)	78	30.6
4. Wholesaler (outside Nigeria)	23	9.0
5. Producer/Farmer	25	9.8
6. Supermarket/Hypermarket	19	7.5
7. Fresh produce market	6	2.4
8. Hawkers	10	4.0
9. Self-produced (fresh food)	34	13.3
10. Self manufactured	7	2.7
11. Others	Nil	-
<i>Total</i>	255	100.1

Source: Fieldwork and Analysis, October, 2011.

Even though, the issue of importation and import dependence is often overlooked or underestimated in informality studies in Nigeria (see Oduh et al 2008 for example), Meagher &

Yunusa (1996: 16) have however highlighted its prevalence and aptly identified the phenomenon as an ‘import trap’. In their own words, they underlined that:

One important, and often ignored, factor in the negative supply response is the high import dependence of many informal enterprises. Particularly in the so-called ‘modern activities’, a substantial proportion of inputs and equipments have no local substitutes. These include varnish and glue used by carpenters, the chemicals and films used by photographers, and some of the hair products used by hair dressers. Even the scrap used by blacksmiths and collected by junk collectors is largely made up of imported metals. Similarly, there are no Nigerian made sewing machines, motorcycles, grinding machine engines, cameras, hairdryers, or metal drilling and bending machines – all basic equipment in various informal enterprises.

Without doubt, this matter is critical to the articulation of any meaningful growth (endogenous growth) in the informal as well as formal sectors. This is because this factor is related to the twin handicap of sustainable industrialisation in Nigeria, which Hoogvelt (1979: 67) had diagnosed as “the technological determination of the production process and of the continued mercantile orientation of the new Nigerian industrial elite”. Beyond the mechanics or technicalities involved in the business operation, the policy environment and the overall business setting are also indispensable for economic growth and development.

6.1.1.5 Business Setting and Access to Infrastructure

In order to fully articulate the business setting under which the informal sector operates in the city of Enugu, it is essential to appreciate the general *business environment* – “a nexus of policies, institutions, physical infrastructure, human resources, and geographic features” (Eifert, Gelb & Ramachandra 2005: 7). According to them, these important multifarious elements do ‘influence the efficiency with which different firms and industries operate’.

Table 6.10 provides a brief illustration of the business setting of many informal businesses in Enugu metropolis. The three major modes of transporting goods and products in descending order of usage are: (i) taxis (44.4%); (ii) buses (28.1%); and (iii) bicycles (15.7%).

Hence, a well-organized public transportation system and good road networks are a recipe for business efficiency and development. Moreover, a vast majority of the entrepreneurs (86.4%) admit that basic infrastructure such as water and electricity supply as well as toilets/ablution facilities are essential to their business operation. Although field evidence suggest that a far greater majority of the informal entrepreneurs have easy access to water (99.3%), electricity (85.0%) and public toilets (85.0%), the critical issue seems to reside in the regularity/adequacy of supply in addition to the condition of the toilets. For instance, NBS (2012: 136) has implicated area of top priority assistance need for micro enterprises in Nigeria as: financing/financial assistance (24.7%); provision of infrastructure, i.e., access roads, market, and work space (19.0%); and adequate and regular power and water supply as the assistance (15.6%).

Table 6.10 Infrastructural facilities available to informal businesses in Enugu

Infrastructure Availability	Frequency of Response	Percentage Frequency (%)
A. Transportation Mode for conveying goods/products		
1. Own private transport	6	3.9
2. Train	Nil	-
3. Bicycle	24	15.7
4. Taxi	68	44.4
5. Bus	43	28.1
6. Private Transport (Excluding Taxi)	1	0.7
7. Walk/Push trolley	11	7.2
8. Others	Nil	-
<i>Total</i>	<i>153</i>	<i>100.0</i>
B. Infrastructure Need (Water, Electricity & Toilets)		
1. Yes	126	86.4
2. No	27	17.6
<i>Total</i>	<i>153</i>	<i>100.0</i>
C. Access to Infrastructure		
1. Water	152	99.3
2. Electricity	130	85.0
3. Ablution (Toilet/washing) facilities	130	85.0
4. None	95	62.1

Source: Fieldwork and Analysis, October, 2011.

6.1.1.6 Challenges to Informal Business Operation and Social Organisation in the Informal Sector

There are many challenges facing informal business enterprises. Apart from the infrastructure challenges discussed in the previous subsection, crippling difficulties do sometimes arise from business operations or/and the entrepreneur's own economic and socio-cultural background (see Tables 6.11). The harsh environment might have accounted for the high tendency towards social organisation as Table 6.12 indicates.

Table 6.11 Challenges experienced by the informal entrepreneur and businesses in Enugu

Challenges in the Informal Sector	Frequency of Response	Percentage Frequency (%)
1. Maintaining the stock level	19	12.4
2. Unavailability of transport	34	22.2
3. Insufficient service from suppliers	17	11.1
4. Cash flow problems	40	26.1
5. Unavailability of equipment	33	2.2
6. Unavailability of start-up and expansion funds	10	6.5
7. Competition from other informal businesses	Nil	-
8. Insufficient structure/shelter	Nil	-
9. Insufficient infrastructure	Nil	-
10. Adverse business location	Nil	-
11. Others	Nil	-
<i>Total</i>		

Source: Fieldwork and Analysis, October, 2011.

Table 6.12 Membership of social organisation among informal entrepreneurs in Enugu

Social Organisation	Frequency of Response	Percentage Frequency (%)
1. Membership of trade association	81	52.9
2. Non-membership of trade association	72	47.1
<i>Total</i>	<i>153</i>	<i>100.0</i>

Source: Fieldwork and Analysis, October, 2011.

6.1.2 Structural Attributes of Informal Business Activities

This section is broken down into three subsections: structure of the business place; location and distribution of informal businesses; and the structural relationships between formal and informal businesses on the one hand and their corresponding informal businesses on the other.

6.1.2.1 Physical Location and Informal Business Structures

The informal business-places in Enugu are made up of all sorts of structure (see Table 6.13 and Figure 6.1). The commonest are semi-permanent structures such as stores, gazebos or pavilions and table-stalls (68.6%), kiosks and containers (7.8%), as well as carts and trolleys (7.2%). There are however many a notable number of enterprises such as vendors and other bystander-workers with practically no stand or coverage (13.1%). Evidently, proper inbuilt storage facilities are limited as merely 20.3% of the businesses have lock-up storage facilities and 45.8%

Table 6.13 Informal business-places and structures in Enugu

Structure of Informal Business-Place	Frequency of Response	Percentage Frequency (%)
A. Type of Street Furniture/Hardware		
1. Ground sheet/Sail/Blanket on pavement	2	1.3
2. Kiosk/Container	12	7.8
3. Store/Gazebo/Table	105	68.6
4. Bicycle, trolley or cart	11	7.2
5. Motor-vehicle	3	2.0
6. Others	Nil	-
7. None	20	13.1
<i>Total</i>	<i>153</i>	<i>100.0</i>
B. Storage Facility		
1. On-site with security	70	45.8
2. On-site without security	1	0.7
3. In adjacent formal shop	38	24.8
4. Lock-up storage facility	31	20.3
5. Take the products home	13	8.5
6. Others	Nil	-
<i>Total</i>	<i>153</i>	<i>100.1</i>

Source: Fieldwork and Analysis, October, 2011.

of them have to cope with onsite storage with security of their goods or merchandise. The others have to scramble for the other alternative storage options: in adjacent formal shops (24.8%); transporting the goods home (8.5%), and onsite storage without security (0.7%). This

highly unrestricted and adaptable location propensities of informal businesses deserve a well-thought out urban planning attention (see Muraya 2006; Brown 2006; Brown, Lyons & Dankoco 2010, for example). This adaptability to diverse structures and location is also a common feature of many informal enterprises in cities in Nigeria (Onyebueke & Geyer 2011) and other African cities (Onyebueke 2009; Brown, Lyons & Dankoco 2010). Beyond the discrete business structures, their relative location and distribution have both economic and urban planning implications.

6.1.2.2 Business Location and Distribution

The section on location selection in Table 6.14 portrays the informality or spontaneity of location in the sector. The majority of business locations in this sector (64.7%) are influenced

Table 6.14 Factors in the location and distribution of informal businesses in Enugu

Location factors	Frequency of Response	Percentage Frequency (%)
A. Location Selection		
1. Self-induced location (personal choice)	99	64.7
2. Others-induced location or allocation	54	35.3
<i>Total</i>	<i>153</i>	<i>100.0</i>
B. Reasons for Business Site Selection		
1. Proximity to clientele (customers)	53	36.6
2. Proximity to residence	44	28.8
3. Proximity to transport nodes	Nil	-
4. The size of the client base	43	28.1
5. Only location available	13	8.5
6. Others	Nil	-
<i>Total</i>	<i>153</i>	<i>100.0</i>
C. Fixed versus Variable Location		
1. Fixed or same location on daily basis	109	72.1
2. Different or variable on daily basis	44	28.8
<i>Total</i>	<i>153</i>	<i>100.0</i>

Source: Fieldwork and Analysis, October, 2011.

one way or the other by the business owners while a smaller minority (35.3%) have little or no choice in the site allocation. On face value this may seem to suggest the presence of democratic values in the planning process, but in reality it actually denotes the level of informality in the entire planning process. Reasons for such business site selection/location in descending order of significance include: (i) proximity to clientele or customers (36.6%); (ii) proximity to residence (28.8%); (iii) the size of the client base (28.1%); and (iv) the only location available (8.5%). Notice here that proximity to transport nodes appears insignificant contrary to the mounting association between informal enterprises (street trading in particular) and transport routes (see Dewar & Watson 1982, 1990). However, from this result it can be conjectured that informal enterprise-transport association is a derivative of the need to be located as close as possible to a large and viable clientele. It is for this same reason that a number of very small informal enterprises (28.8%) such as street vendors and other ambulants have variable or non-fixed locations.

Overall and as we have seen in the previous paragraph, the reasons for the dispersed distribution of informal businesses in the city are various. Abumere, Arimah & Jerome (1998) had previously uncovered a comparable pattern with residences accommodating most of the informal businesses (34%) in Nigeria while other precincts (with the accompanying urban furniture) of the cities feature in the following proportions: specially built premises (19.3%), markets (14.7%), streets (16.7%), open spaces (10.6%), government-designated centres (1.4%), and kiosk (3.4%) located on verge or incidental spaces. Imputing this into the current argument tells us that the implicit planning challenges in accommodating informal businesses in Nigerian cities are not only quite enormous but are also far from resolved. But how are these distribution patterns changing over the years of economic ebb and flow? What are the motivating factors and what new lessons can we learn from such changes in Enugu and other Nigerian cities?

6.1.2.3 Structural Relationships between Informal and Formal Businesses

Although the business linkages or relationships between informal and formal businesses in Enugu may be straightforward to establish (as we have done in part in Table 6.9), the general ethos or ambiance surrounding such transactions are often overlooked in literature. Tables 6.15 and 6.16 indicate that when in close proximity with one another or even with the formal businesses of similar trade, informal entrepreneurs tend to feel quite threatened (a negative feeling of 98% and over in both scenarios). Hence, it can be conjectured that social relationship with neighbouring informal and formal business(es) seem far from cordial considering the negative attitude most of them expressed. Equally, from the largely negative notion about entrepreneurs of other cultures or ethnic groups (90.9% on the average), competition (60.5%) and business methods (83.0%) of their business opponents, it is evident that the overall business ethos seems as hostile as it is competitive. Indeed, this survivalist ambiance is not just reflective of the informal sector's foundational characteristic of unregulated and competitive markets (see ILO 1970) but also the fierce struggle to stay afloat.

Table 6.15 Assessment of the relationships between corresponding informal businesses in Enugu

Feelings about the formal Sector	Positive	%	Neutral	%	Negative	%	Total	
							F	%
1. Relationship with neighbouring business	1	0.7	1	0.7	151	98.7	153	100
2. Other cultures	Nil	-	1	0.7	152	99.3	153	100
3. Competition	12	7.8	41	26.8	100	65.4	153	100
4. Business methods	Nil	-	16	10.5	137	89.5	153	100
5. Crime	3	2.0	1	0.7	149	97.4	153	100

Source: Fieldwork and Analysis, October, 2011.

Table 6.16 Assessment of the relationships between informal and formal businesses in Enugu

Feelings about the informal Sector	Positive	%	Neutral	%	Negative	%	Total	
							F	%
1. Relationship with neighbouring business	Nil	-	3	2.0	150	98.0	153	100
2. Other cultures	10	6.5	17	11.1	126	82.4	153	100
3. Competition	24	15.0	45	29.4	85	55.6	153	100
4. Business methods	33	21.6	3	2.0	117	76.5	153	100

Source: Fieldwork and Analysis, October, 2011.

Meagher & Yunusa (1996) have attributed this almost conflictual liaison in Nigeria's informal sector to the grave resource constraint particularly in its lower end with the consequent effect of increased competition and declining returns on investment. In Latin America, some of these action and adjustments are interpreted as the incipience of capitalist ethos that is marked by competition, individualism, and assertiveness (Gherssi 1997).

6.1.3 Spatial Distribution of Informal Businesses in Enugu

As earlier mentioned, by overlaying the digital geo-referenced map on the aerial photographic image of Enugu metropolis, a spatial distribution map of informal sector businesses based on their relative GPS coordinates were obtained. Two interconnected elements of this result are outlined, and they include: (i) the distribution pattern and density analysis; and (ii) the measure of central tendency.

6.1.3.1 Pattern and Density Analysis of Informal Business Distribution

The distribution pattern and density analysis of informal businesses in Enugu metropolis are shown in Figures 6.2 and 6.3. The zones of highest informal business agglomeration of concentration, in descending order of significance, are: (i) Uwani-Achara layout axis; (ii) Abakpa-Nike area; (iii) Asata-Ogui area; and Ogbete (Coal Camp) area (refer to Figure 6.3). Incidentally, these zones with high concentration of informal businesses (with the exception of Ogbete main market and Ogui Road axis) largely fall outside the CBD, and for the most part correspond to the recognised areas of high population density in the city of Enugu. For instance, a 1995 population-density sample estimates in 12 residential neighbourhoods in Enugu that: Uwani neighbourhood had the highest with 1055 persons per square hectare (pers./ha); and closely followed by Ogui, Ogui-New, and Ogbete (or Coal Camp) layouts with 965 pers./ha, 883 pers./ha, and 710 pers./ha respectively. The zones of medium population density include Achara with 325 pers./ha, New Haven with 298 pers./ha, and Maryland with 176 pers./ha while Secretariat Quarters (89 pers./ha); Trans-Ekulu (63 pers./ha); Riverside Estate (59 pers./ha);

GRA (20 pers./ha); and Independence (10 pers./ha) featured as low-density zones (refer to Onyebueke 2000: 17).

These agglomerations can actually be considered as *spontaneous or unplanned clusters* since the areas in question – Uwani-Achara, Abakpa-Nike, Asata-Ogui, and Ogbete (Coal Camp) districts – are basically residential districts without original plans of accommodating such scales of economic land uses. Alternatively, the *planned clusters*, which include the designated markets and business centres, such as: Ogbete main market, Artisan market, Abakpa market, Maryland timber shed, etc. (refer to Table 5.9 and Figure 5.11 in Chapter 5). Even in these so-called business facilities, infrastructure standard and adequacy remain major challenges (refer to Table 6.10). Extensive site recognisance have revealed that many of these facilities, particularly the more centrally located, are expanding laterally and vertically with entrance of more and more traders.

On a closer look, the four-pronged retail structure in Enugu – the central retail area (Ogbete main market adjacent to the CBD), the subsidiary markets (Kenyetta, Ama-Hausa, New Haven markets, etc.); roadside shopping belts (Ogui Road, Kenyetta-Edozie Street axis, etc.), and neighbourhood stores – implicated by Okoye (1985) and other geographers somewhat still persists. However, the growing intensity of informal businesses is precipitating both longitudinal and vertical expansion of the markets as well as the proliferation in the numbers shopping centres and discreet shops (refer to Table 5.5 for recent composition figures of markets, major shopping streets, and other specialised business centres).

Another issue that can be discerned from this distribution is the high incidence of informal enterprises in high density and in most part lower income neighbourhoods. Locating nearer home is explained by savings in rent and transport cost in addition to the fact that the location of informal businesses is market-driven (refer to Table 6.13). This trend in informal business distribution collaborates a number of earlier national surveys in Nigeria (see Abumere, Arimah & Jerome 1998; CBN/FOS/NISER 2001) and many other developing countries (see

Laquian 1983; Strassman 1986; Dewar & Watson 1990; Tipple 1993; UNCHS/ILO 1995; Tipple & Kellet 1997; 2005). Laquian's often quoted assertion underlines the basic rubrics of this 'home-based enterprise' paradigm:

“If there is a lesson for planners in the massive literature on slums and squatter community life, it is the finding that housing in these areas is not for home life alone. A house is a production place, entertainment centre, financial institution and also a retreat. A low-income community is the same, only more so. Both the home and the community derive vitality from the multiplicity of uses. The imposition of artificial restrictions on both would hinder their development.”

Moreover, Sanders (1987) has affirmed that agglomerations of informal businesses are determined by *proximity* and *generative hypotheses*. Whereas the former signifying their tendency to locate in close proximity to central markets and other densely populated areas, the latter is suggestive of the fact that formal sector businesses do generate or create opportunities for informal businesses to thrive.

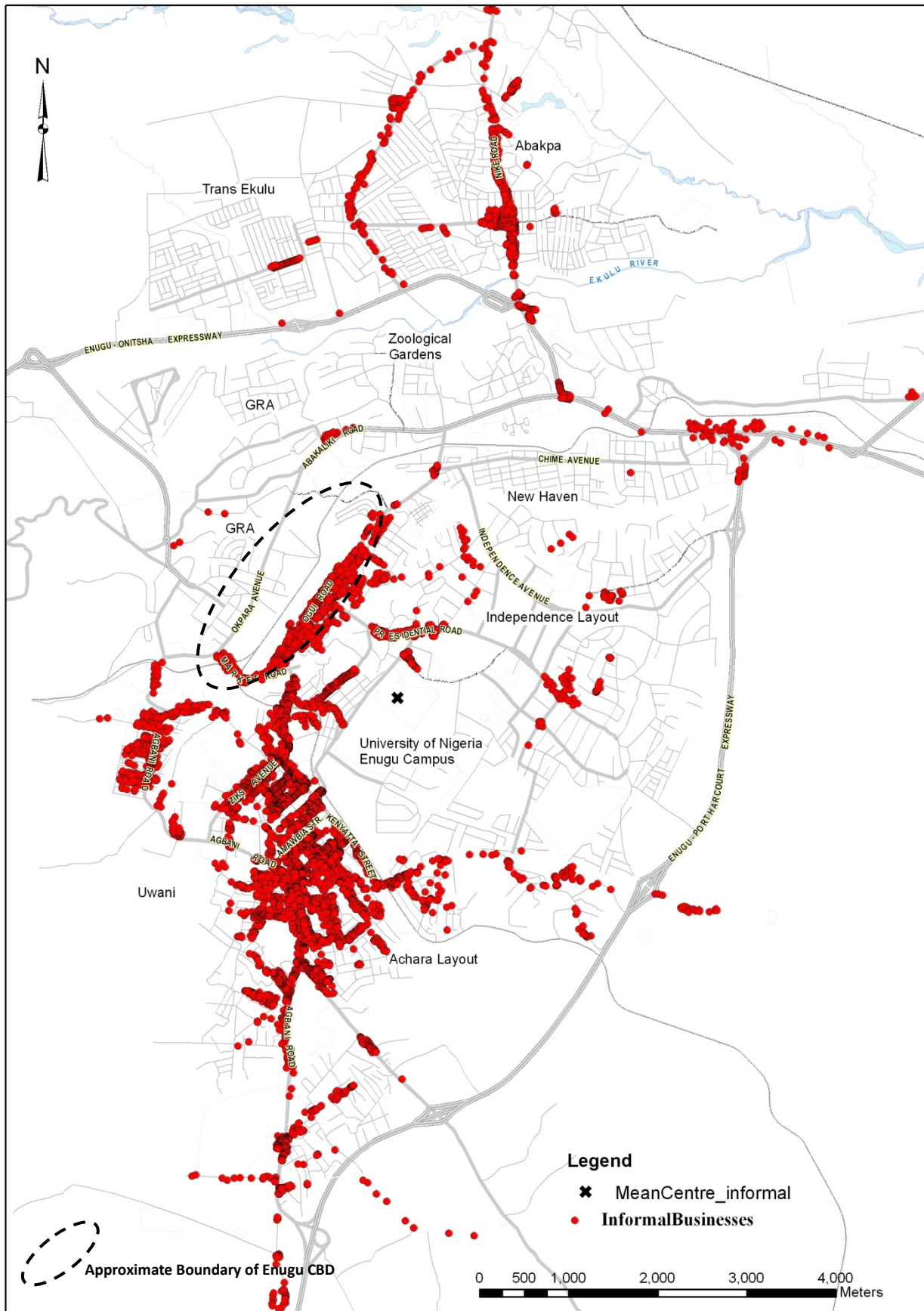


Figure 6.1 Distribution pattern of informal sector businesses in Enugu metropolis (2010).

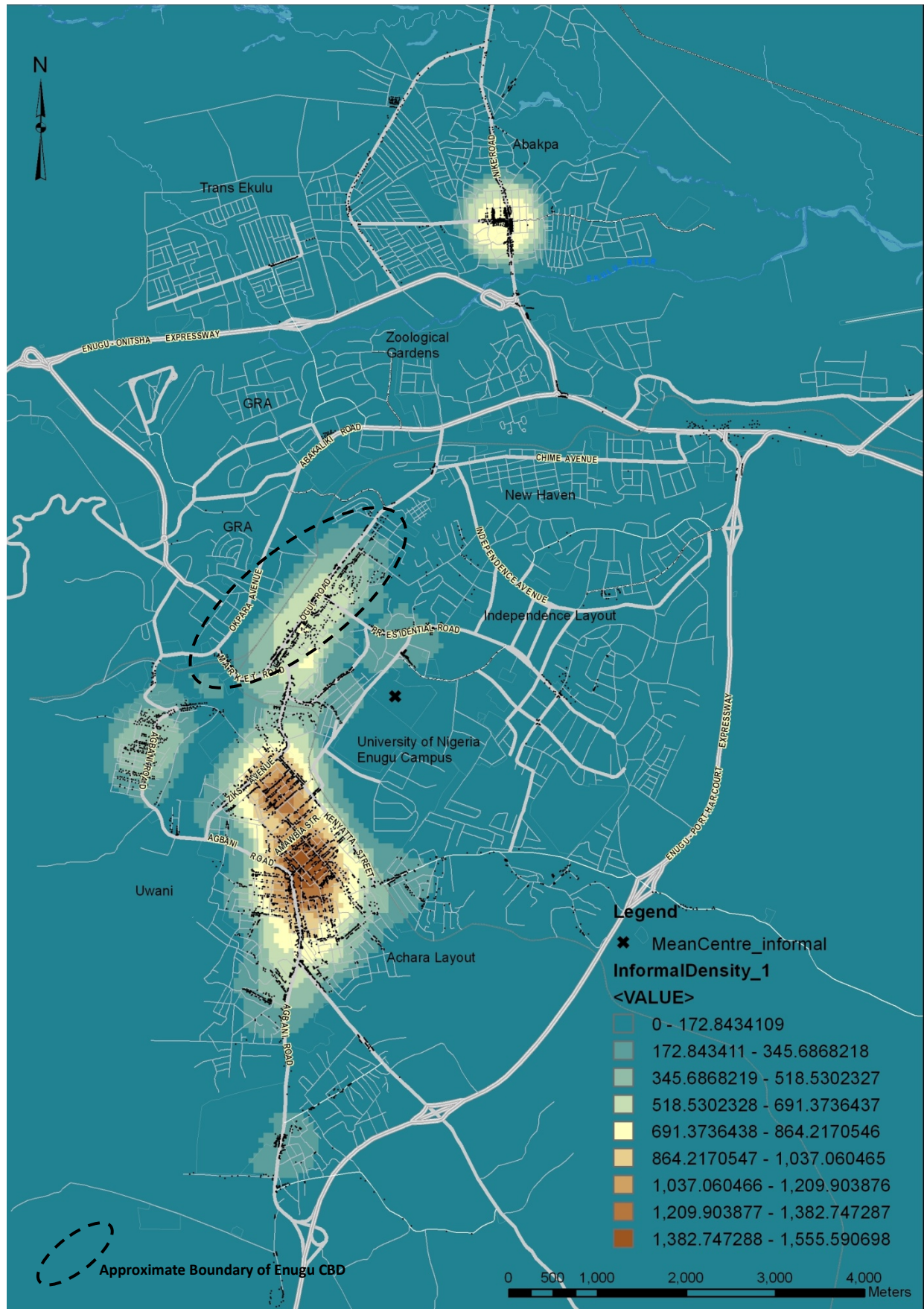


Figure 6.2 Point-density analysis map of informal sector distribution in Enugu metropolis (2010).

6.1.3.2 Measure of Central Tendency of Informal Business Distribution

Consequently, the *spatial mean centre* – a measure of central tendency that ‘identifies the geographical centre’ of a set or sets of point locations, in this case is informal and formal sector business distribution (Myint 2008; Scott & Janikas 2010). Since each business unit is represented by a point defined by x and y coordinates in a two-dimensional space, the *spatial mean centre* is “obtained by computing the mean of the x coordinates (eastings) and the mean of the y coordinates (northings)” (Myint 2008: 9). The *spatial mean centre* for informal business distribution in Enugu is sandwiched between Presidential Road in the North, University of Nigeria Enugu Campus to the South, Ogui New Layout to the East, and Independence Layout extension to the West (see Figure 6.3). The actual location of this mean centre (marked **X**) is defined by a pair of x -coordinate (334707) and y -coordinate (711420). How does this informal sector mean centre relate to those of the formal sector and the city’s CBD? Perhaps when this value is obtain over time, it would be possible not only to determine the directional trend in the spread of informal businesses (the vector), but also to verify the distributional mobility rate towards or from the CBD or relative to the distribution of formal sector businesses. But unfortunately, this could not be achieved here due to the nonexistence of time-series data. However, at the end of this Chapter, we should be able to compare both the spatial relationships between the informal and formal business distribution and also their central tendencies in Enugu. But let us first examine the nature of their structural linkages.

Subject to the research framework, let us then examine the formal end of Enugu’s entrepreneurial landscape with a view to exploring its basic nature, distribution pattern, and the extent of structural and spatial relationships with the informal sector.

6.2 A BRIEF PROFILE OF ENUGU'S FORMAL SECTOR

This section discusses the structural and spatial attributes of the formal sector businesses in the city of Enugu, and owing to the available time-series data from the FIRS, the changing distribution pattern of these businesses over the years will also be explored.

6.2.1 Structural and Locational Attributes of Formal Businesses

This section is divided two sub-sections: the structure of formal sector businesses and the location attributes of formal sector businesses.

6.2.1.1 The Structure of Formal Sector Businesses

Table 6.17 shows the sampling frame of the formal sector businesses in Enugu based on enterprise category and duration or lifespan. As earlier mentioned, these sample proportions are related to the prevalence rates implicated in other studies on recent development in the Nigerian industrial sector (see Ajayi 2007 for example) and the current FIRS information on incorporated enterprises in Enugu. Here, we sampled them accordingly: wholesale and retail

Table 6.17 Category and duration of formal businesses sampled in Enugu

Business Category & Duration	Frequency of Response	Percentage Frequency (%)
A. Business Category		
1. Whole & Retail Trade	48	31.4
2. Personal Services	20	13.1
3. Technical Services	37	24.2
4. Manufacturing & Processing	20	13.1
5. Financial Intermediation	28	18.3
<i>Total</i>	<i>153</i>	<i>100.0</i>
B. Business Duration		
1. Below 5 years	44	28.8
2. Between 5 and 10 years	59	38.6
3. Above 10 years	50	32.7
<i>Total</i>	<i>153</i>	<i>100.0</i>

Source: Fieldwork and Analysis, October, 2011.

trade (31.4%); technical services (24.2%); financial intermediation (18.3%); manufacturing (13.1%); and personal services (13.1%). Compared with their informal sector counterparts, formal enterprises in the study area survive for a longer duration. In other words, enterprise or business mortality is higher in the informal sector due mainly to what the entrepreneurs perceive as grievous challenges and shortcomings (see Table 6.11).

6.2.1.2 Locational Attributes of Formal Sector Businesses

Table 6.18 summarises some of the location propensities of formal businesses in Enugu metropolis. Just like in the informal sector, we notice that a greater proportion of formal businesses (73.2%) tend to influence or have a say in the site allocation. In much same way, this

Table 6.18 Factors in the location of formal businesses in Enugu

Location factors	Frequency of Response	Percentage Frequency (%)
A. Location Selection		
1. Self-induced location (personal choice)	112	73.2
2. Others-induced location or allocation	41	26.8
<i>Total</i>	<i>153</i>	<i>100.0</i>
B. Relocation Prospects		
1. Inclined to changing location	52	34.0
2. Not inclined to changing location	101	66.0
<i>Total</i>	<i>153</i>	<i>100.0</i>
C. Prospective Location Choice		
1. To another location (with the CBD)	19	36.5
2. To a suburban centre	14	26.9
3. To another town/city	6	11.5
4. To a corridor	13	25.0
<i>Total</i>	<i>52</i>	<i>100.0</i>

Source: Fieldwork and Analysis, October, 2011.

speaks more to the persistence of anti-planning or organic planning impulses in the system rather than any hint of democratic values in the urban planning and allocation procedures. Again, the B section of Table 6.18 appears to indicate some degree of degree of stability in that

the vast majority of entrepreneurs (66.0%) are not considering changing their current location as against the few others (34.0%) who are. Apparently, the CBD has a significant attractive edge (i.e., 36.5%) over the other sections of the city such as the suburban centres (26.9%), and the corridors (25.0%). Although it must be acknowledged that location preferences tend to vary from one enterprise category to another and between enterprises of different sizes. Before considering the overall context of the location regime which can best be portrayed by a distribution map of formal business in the city of Enugu, we shall first take a closer look at the FIRS business inventory employed for that purpose.

6.2.1.3 Composition of Enugu's Formal Sector

The huge volume of this formal business dataset (41 pages in all) necessitated the use of a data reduction technique, *sectoral aggregation* (see Wang & Vom Hofe 2007). Thus, the composition (in terms of enterprise category and number) of formal businesses in Enugu metropolis (see Table 6.19) as well as the chronological sequence of their establishment in Table 6.20 overleaf. From Table 6.19, we can decipher that building and construction (32.9%), commercial and trading (27.6%), and professional services (15.2%) are the dominant formal business categories in Enugu. The manufacturing sector amounts to a mere 8% of Enugu's urban economy, that is if we sum up all its diverse subsector – Textile & Garment Industries (0.4%); Automobile Assembly (0.1%); Breweries, Bottling & Beverages (0.3%); Pharmaceuticals, Soap & Toiletries (2.7%); Chemicals, Paints & Allied Products (0.7%); Oil Production (0.1%); and Other Manufacturing (3.7%). Table 6.21 shows a typical profile of the business sector (informal and formal businesses) in the study area.

Table 6.19 Composition (Category and Number) of formal businesses in Enugu

Business Category		Number	Percentage (%)
Code	Description		
01.	Banks & Financial Institutions	22	1.1
02.	Agriculture & Plantation	35	1.8
03.	Conglomerate	Nil	-
04.	Textile & Garment Industries	8	0.4
05.	Building & Construction	652	32.9
06.	Commercial & Trading	551	27.6
07.	Property & Investment	42	2.1
08.	Automobile Assembly	2	0.1
09.	Stevedoring, Clearing & Forwarding	Nil	-
10.	Professional Services	302	15.2
11.	Breweries, Bottling & Beverages	6	0.3
12.	Pharmaceuticals, Soap & Toiletries	54	2.7
13.	Publishing, Printing & Packaging	28	1.4
14.	Hotel & Catering	62	3.1
15.	Chemicals, Paints & Allied Products	14	0.7
16.	Other Manufacturing	76	3.7
17.	Oil Production	1	0.1
18.	Pioneering	Nil	-
19.	Transport & Haulage	37	1.9
20.	Oil Marketing	91	4.6
21.	Off Shore Operation	Nil	-
22.	Petro-Chemicals & Refineries	Nil	-
23.	Gas	Nil	-
24.	Mining	5	0.3
Total		1987	100.0

Source: The first and second columns were derived from the D section (Business Code Description) of the FIRS Taxpayer Registration Input Form No. TRIF/2006/001/Coys. The third column was summarised from the inventory of taxable companies obtained from the FIRS, Southeast region.

Table 6.20 Chronological sequence in formal sector businesses establishment in Enugu

Year of Establishment	Formal Sector Enterprise	
	Number	Percentage (%)
1. Before 1960	1	0.1
2. 1960 – 1970	12	0.6
3. 1971 – 1980	124	6.3
4. 1981 – 1990	342	17.2
5. 1991 – 2000	694	35.0
6. 2001 – 2010	810	40.8
Total	1983	100.0

Source: Analysis of FIRS data.

Table 6.21 Anatomy of the business sector in the city of Enugu (2011)

Name & Address of Enterprise	Size (Class)	Type	Sectoral Range	Level of Sophistication	Location	Type & Source of Input	Product	Product Reach (Customers)	Communication
1. Anambra Motor Manufacturing Co. Ltd. (ANAMCO). Emene Industrial Layout	215 (Large)	Formal Sector – Motor Assembly	Secondary	Sophisticated	National Centre	Knocked down parts & spare parts from Germany and Brazil. Metal sheets procured within Nigeria.	Mercedes trucks, Atros trucks, Truck tanker, Fire engines, motorspare-parts, repairs, and maintenance	National (government departments, institutions, companies & individuals)	Corporate formal
2. Nigerian Bottling Co. Ltd. (NBL). 9 th Mile Industrial Layout.	512 (Large)	Formal Sector – Soft drink bottling.	Secondary	Sophisticated	National Centre	Concentrates of active ingredients from USA. Local Content from Nigeria (packaging materials)	Coca-Cola soft drinks and bottled water.	National (neighbouring south-eastern states)	Corporate formal
3. Albertina Nigeria Ltd. No. 18/22 Zik Avenue.	50 (Medium)	Formal-Informal Sector – Wholesale & trading company.	Tertiary	Conventional	Local Centre	Knocked down parts of electronic and household appliances from mainly China, India & Singapore	Household electronic appliances, electric generators, and furniture	National (neighbouring south-eastern states)	Personal structured
4. Anyi-West Aluminium Industries Ltd. No. 99 Zik Avenue.	3 (Micro)	Informal Sector – Aluminium door & window fabrication	Secondary	Conventional	Local Centre	Chinese-made Aluminium frames, glass and other accessories procured from middlemen/importers.	Aluminium doors and windows.	Local (occasional patronage from outside Enugu)	
5. Be-Still Modern Interiors. No. 6 Kenyatta Street, Uwani layout.	4 (Small)	Informal – Carpenter/ Upholsterer	Secondary	Conventional	Local Centre	Nigerian-made wood & foam purchased locally. Imported fabric from China, Italy & USA purchased from wholesalers	Furniture, sofas, side and centre tables.	Local (occasional patronage from outside Enugu)	Personal casual
6. Uwakwe. Located on a road verge on College Road, adjacent to the gate of University of Nigeria, Enugu Campus.	1 (Survivalist)	Informal Sector – tyre vulcaniser	Tertiary	Conventional	Local Centre	Quick or Cold Patch, Patch Solution & types made in China and distributed by local importers and middlemen. Normally, purchases these inputs from Coal Camp motor spare parts market.	Tyre vulcanising, pumping, and sale of second-hand tyres.	Local (serves tyre vulcanising needs of motorists in the vicinity).	Personal casual

Source: Fieldwork and Analysis, October, 2012. The evaluation criteria are based on Geyer's (2009b) concept for monitoring changes in the business sector.

Two points are worth highlighting here. First, four companies counted in the large tax category incorporating companies with annual turn-over in excess of ₦1 billion (or about US \$6.4 million) – Anambra Motor Manufacturing Company Ltd. (ANAMCO), Emenite Roofing Company Ltd., Innoson Nigeria Ltd. and Sims Electronics Ltd. – were included to the 1983 enterprises in the FIRS list to obtain a total of 1987 formal businesses. Second, there is the likelihood that some of these businesses are not corporeal but mere ‘portfolio’ establishments, in the sense that an undisclosed number of them do not possess tangible offices with one or more employees. Such business inclination is quite prevalent in Nigeria, and the necessary off-shoot business-contractor syndrome that took root in the 1970s.

6.2.1.4 Relationships within the Formal Sector and with their Informal Counterparts

The formal sector is more regulated and hence the pervading business ethos appears more agreeable, and the responses of the entrepreneurs suggest that they are less likely to be influenced by prejudicial and idiosyncratic considerations in their business dealings. From Table 6.22, about half on the average (about 50%) of formal businesses are neutral about the informal sector in general, and as such do not see them as a formidable competition (41.8%). However, a number of them tend to retain a rather negative impression about the prevailing business methods (42.5%), products (35.9%), client base (37.9%), and the environment created by informal economic activities (15.0%). Just like in the previous section, let us explore the spatial dimension of the informal and formal business activity system in Enugu.

Table 6.22 Assessment of the relationships between formal and informal businesses in Enugu

Feelings about the Informal Sector	Positive	%	Neutral	%	Negative	%	Total	
							F	%
1. The informal sector (in general)	3	2.0	67	43.8	83	54.2	153	100
2. Their business methods	14	9.2	74	48.4	65	42.5	153	100
3. Their products	17	11.1	81	52.9	55	35.9	153	100
4. Their client base	10	6.5	85	55.6	58	37.9	153	100
5. The environment they create	50	32.7	80	52.3	23	15.0	153	100
6. The informal sector as competition	55	35.9	64	41.8	34	22.2	153	100

Source: Fieldwork and Analysis, October, 2011.

A qualitative assessment of the relationship between the formal and informal sector businesses based on a purposive sample of six enterprises across the informal-formal spectrum (shown in Table 6.21) is very revealing. One distinctive feature of the apparent supplier and purchase linkages in the study area is that a great deal of the production inputs is imported. The dominance of Chinese products in this side of the production process is also reflective of the consumer side of the market that is flooded with cheap Chinese and other Asian products. Other features of the business profile in the city of Enugu include: (i) the level of sophistication in enterprise operations is dominantly conventional with a few sophisticated ones; (ii) the farthest attainment of a number of the enterprises is a national reach; and (iii) the mode of communication ranges from personal casual (in informal businesses), to personal structured (in semi-formal businesses), to corporate formal (in formal businesses). By implication, the city's entrepreneurial landscape is largely determined by the so-called *physical* and *economic friction of distance* (see Michelson & Wheeler 1994). Enugu is not yet a host to Pentanary and Quaternary firms or intellectual firms with global reach and sophisticated operation processes based on complete electronic/ICT techniques.

6.2.2 Spatial Distribution of Formal Sector Businesses

As was explained in fuller detail in the section on methodology, the availability of business addresses and date of establishment enabled the geo-referenced location of all the formal sector enterprises in Enugu. This very procedure was also utilised in the Norman city, Oklahoma (United States) study where economic activities such as banks, fast-food shops, and hair dressing salons were located on the parcel GIS layer using the physical addresses from the telephone directories (Myint 2008). In that way, we were able to identify not just the overall distribution pattern of formal enterprises in the city, but more importantly, the directional trend in their spread as we consider the chronological sequence in their establishment. Let us take this distribution pattern decade by decade.

6.2.2.1 Distribution Sequence and Clusters of Formal Sector Businesses in Enugu (1960-2010)

From about 13 incorporated enterprises before 1970, they have grown in geometric over the years to reach the current 810 in Enugu (see Table 6.19). The progressive sequence in the distribution pattern of these formal businesses is depicted in Figures 6.4 to 6.8. Notice the clear-cut movement of the *mean centre* from the initial position at the Ogui Road edge of the CBD in 1970 (see also Figure 6.11) further eastward after one decade (as indicated by an arrow in Figure 6.5). This shift in *mean centre* epitomised the most remarkable upsurge and spread of formal businesses experienced in the Oil Boom decade of 1970-80 in which case the number of incorporated enterprises rose from 12 to 124 firms, representing an increase of over 1000% (refer to Table 6.19). But between 1981 and 2010, the respective *mean centres* had to swing back and rotate near the initial gravitational centre as shown in Figure 6.7 and Table 6.22 specifies the coordinates and linear distances of the respective *mean centres* of formal sector distribution in Enugu. These vectors, or quantities with direction and scale, are visualised in a close-up map in Figure 6.11.

Incidentally, the initial pronounced shift of the *mean centre* eastward between 1970 and 1980 seems to epitomise the massive growth (both in number and relative size) of formal businesses in the New Haven-City Layout and the adjoining Independence Layout districts at that time. In the subsequent decades (1981-2010), we observe the intensification of business clusters around Uwani-Achara Layout area in the southwest margins coupled with incipient clusters in the northern margins of Trans Ekulu and Abakpa Nike areas as the resultant density map of formal business distribution has clearly portrayed (see Figure 9). To make more sense out of this evolving formal business distribution pattern, we need to take a closer look at how this *spatial mean centre* has been shifting over the years, and possibly, its implication for business agglomeration and dispersal.

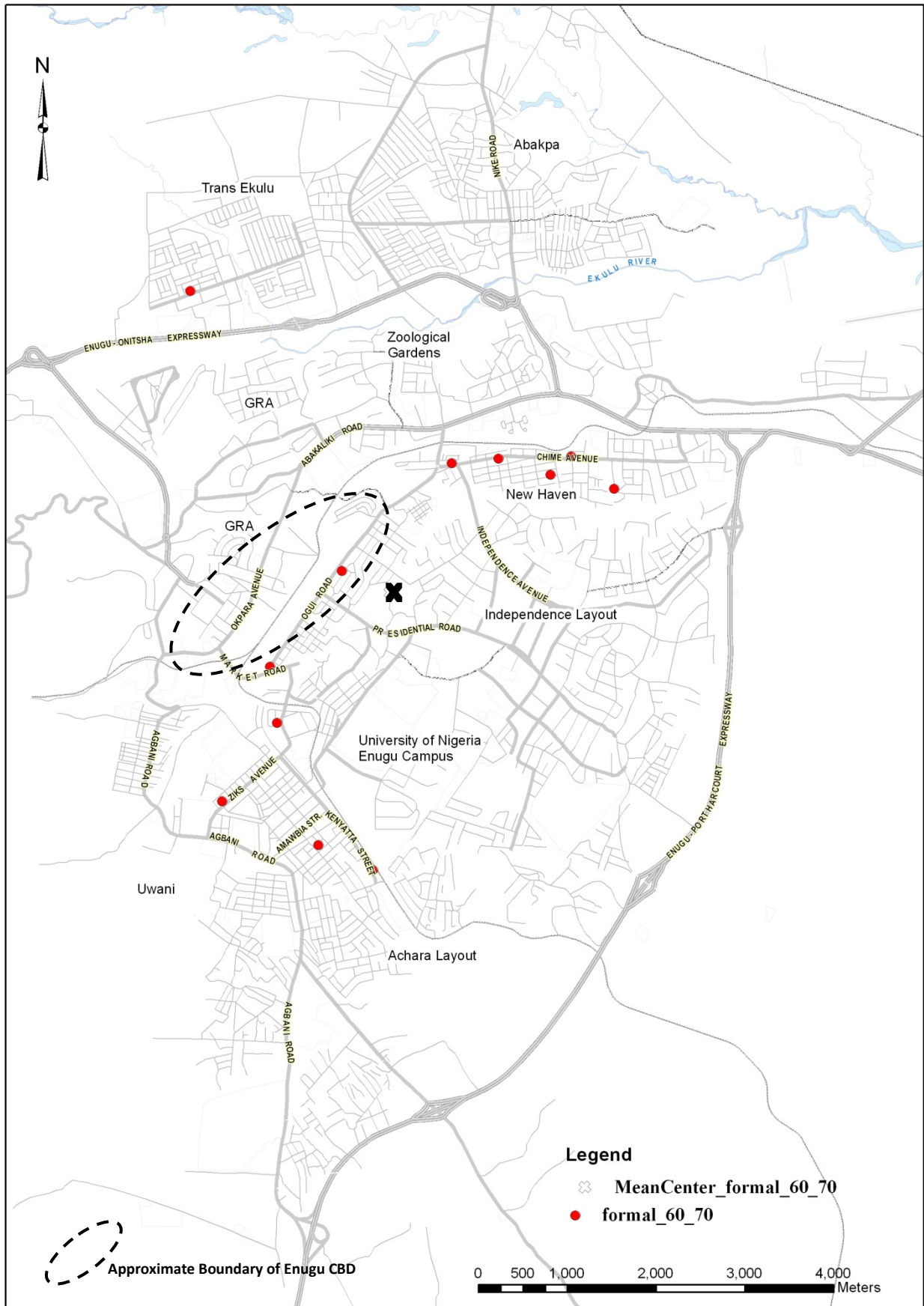


Figure 6.3 The distribution pattern of formal sector businesses in Enugu metropolis (1960-1970).

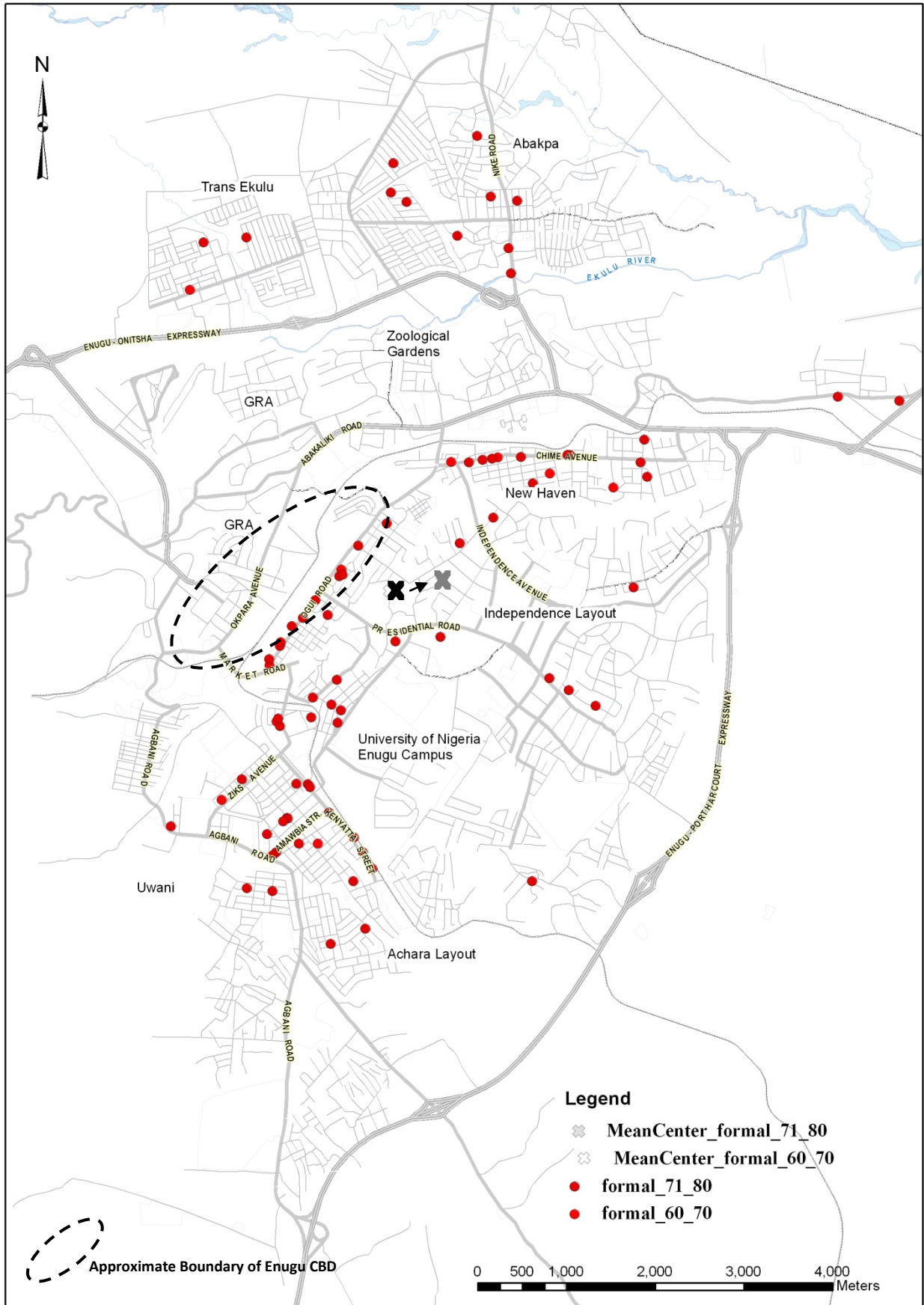


Figure 6.4 The distribution pattern of formal sector businesses in Enugu metropolis (1971-1980).

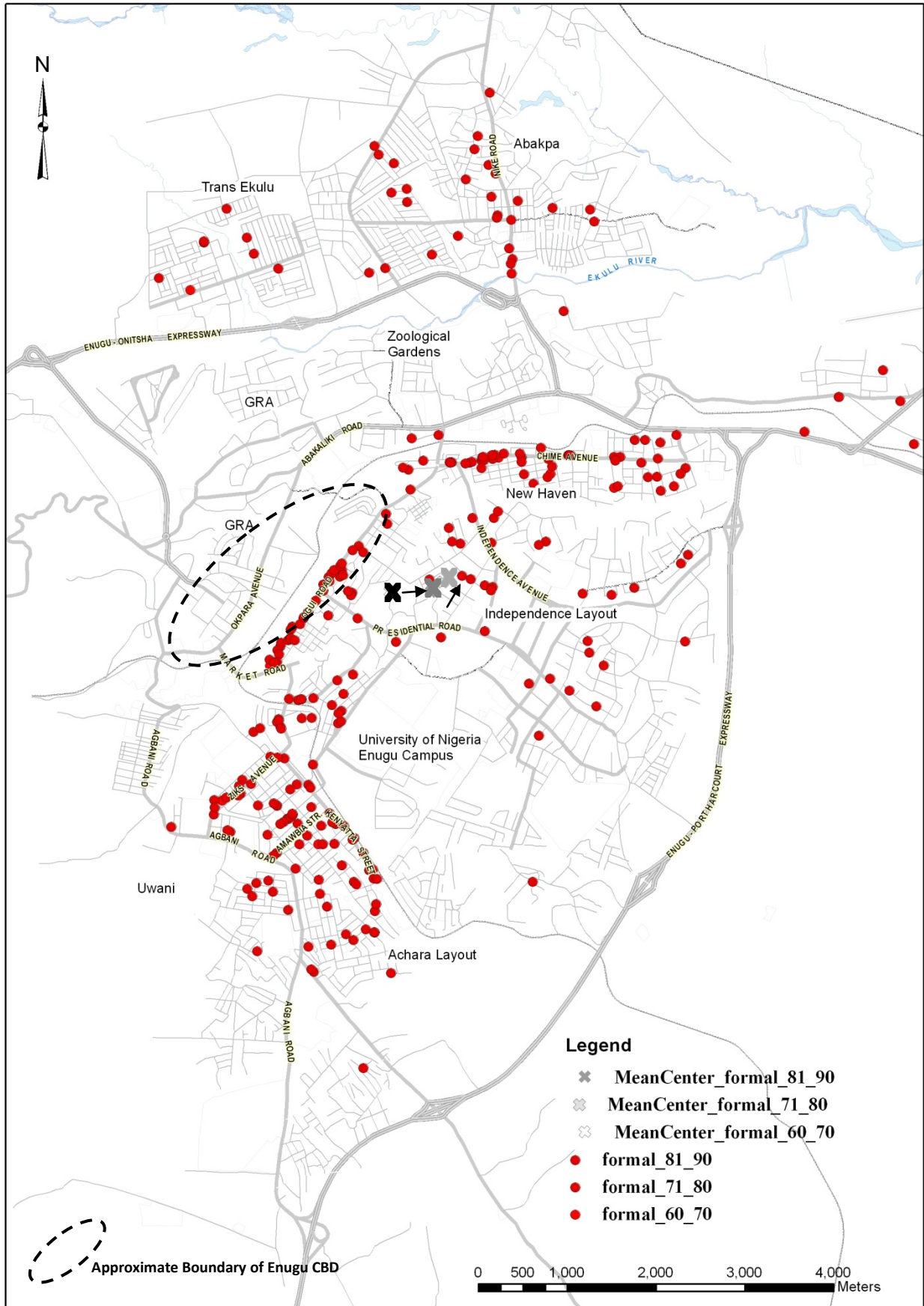


Figure 6.5 The distribution pattern of formal sector businesses in Enugu metropolis (1981-1990).

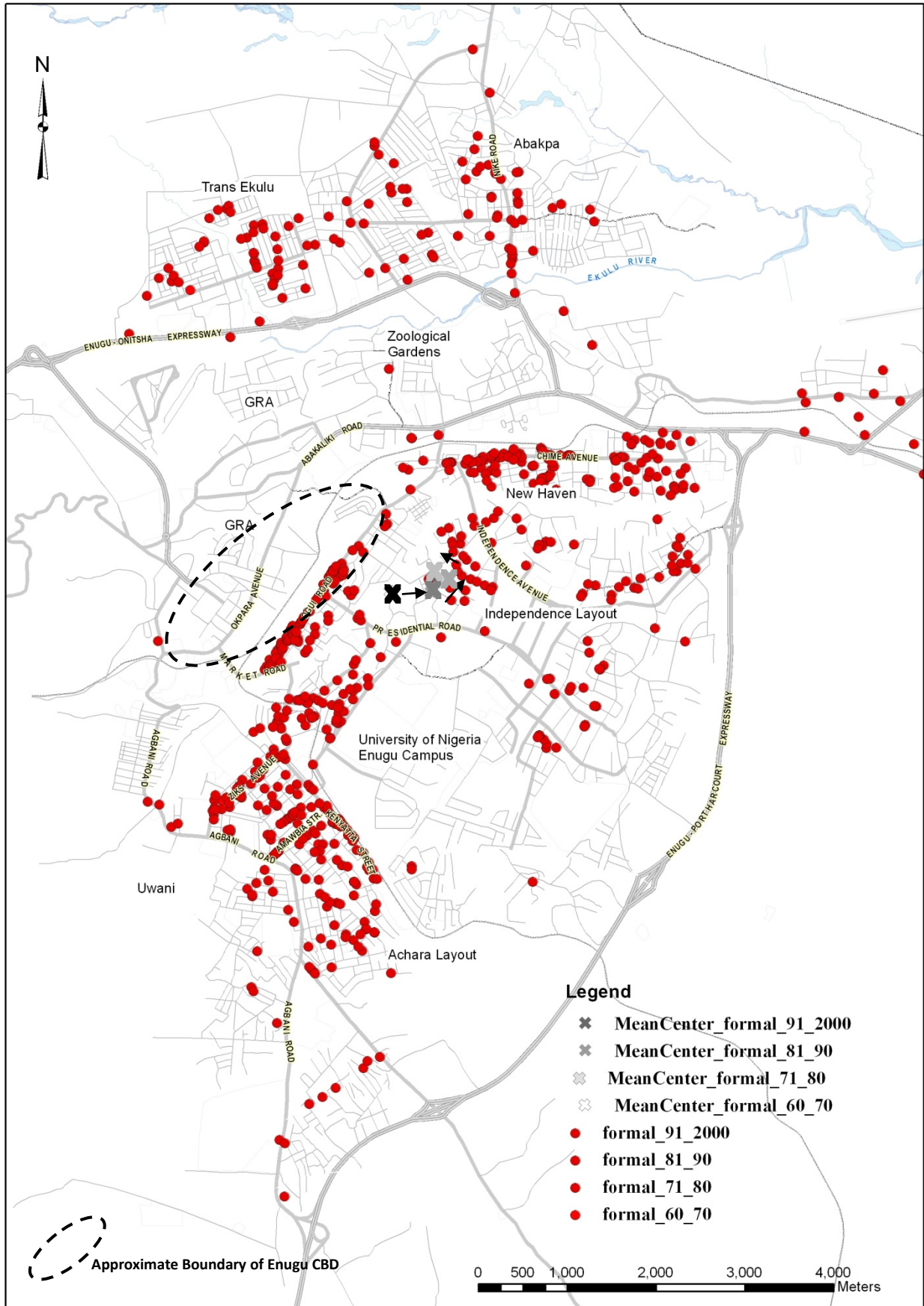


Figure 6.6 The distribution pattern of formal sector businesses in Enugu metropolis (1991-2000).

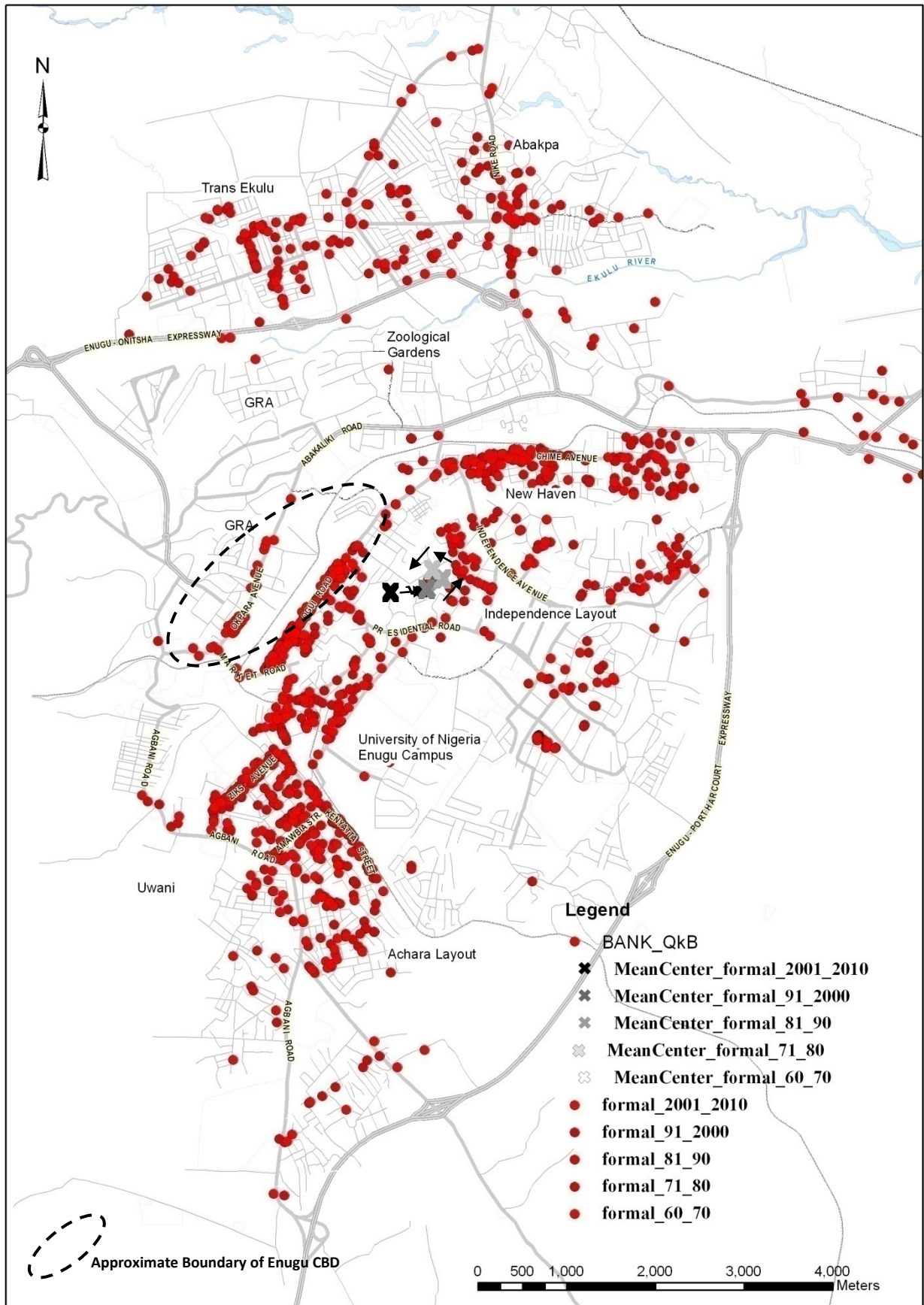


Figure 6.7 The distribution pattern of formal sector businesses in Enugu metropolis (2001-2010).

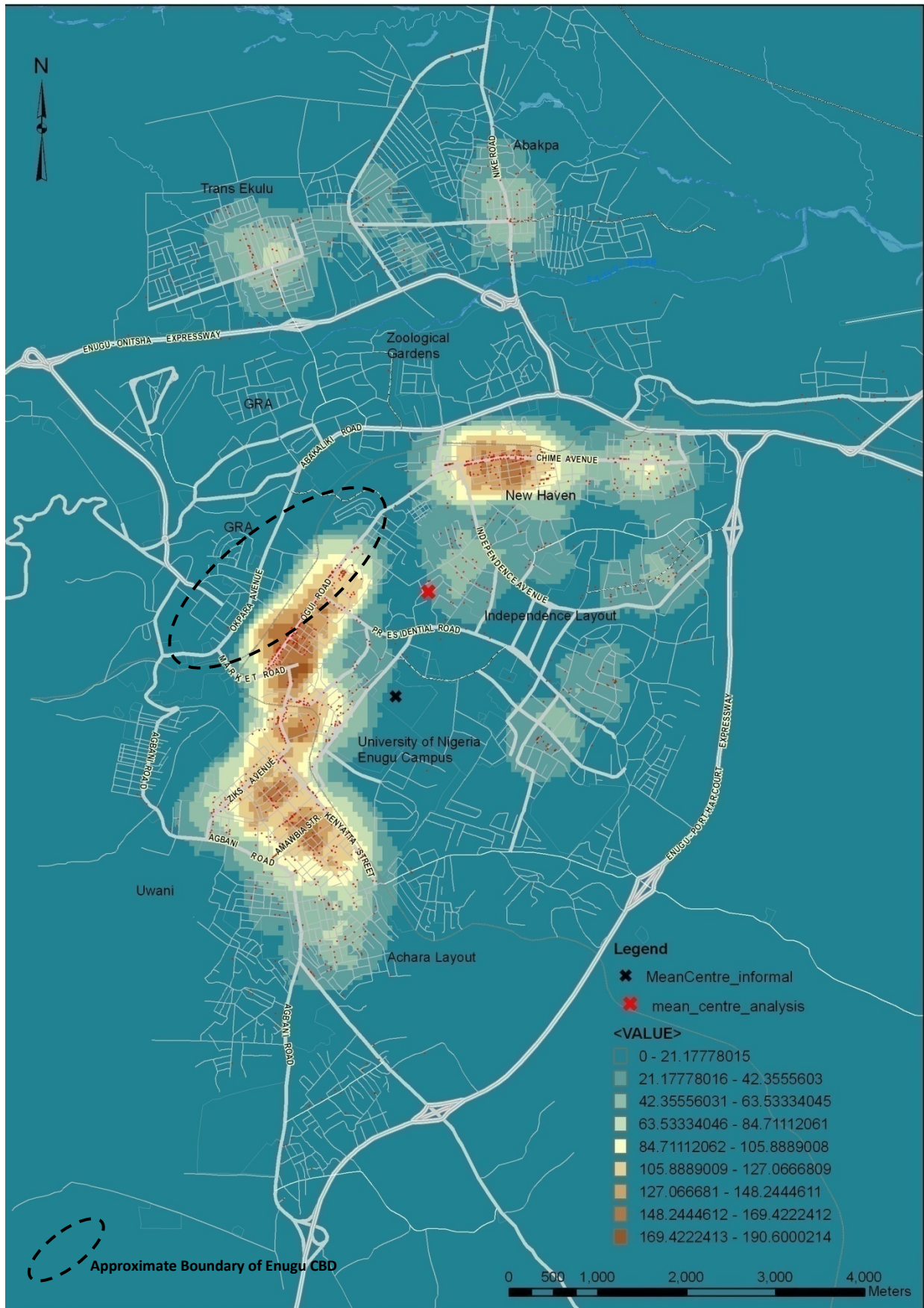


Figure 6.8 A point density analysis map of formal sector distribution in Enugu metropolis (2010).

As earlier noted, the *spatial mean centre* is one of the important attributes of spatial agglomeration and dispersion that reveals the geographical centre, which is akin to the centre of gravity in random distribution of geographical features. If this measure is obtained over a time range as in the current case scenario, the directional sequence in the distribution of the geographical or spatial feature in question can be verified (Scott & Janikas 2010: 29). In the current example, the variations in *mean centres* of formal business distribution from 1960 to 2010 were determined. The point coordinates of the *mean centres* are shown in Table 6.23, while Figure 6.11 illustrates the movement path). One can observe that in the first one decade (1960-1970) the general distribution pattern initial tilted east-ward, before turning north-ward, and then south-ward expansion in an almost round-about movement. This seems to epitomise the sequence in the initial and later stages of business establishment accompanied first by dispersion, and then consolidation or clustering. Comparing the spatial *mean centres* of the formal sector (*x*-coordinate 335005, *y*-coordinate 712589) and the informal sector business distributions (*x*-coordinate 334707, *y*-coordinate 711420) reveals a very close distance of about 472.614 metres. Before exploring whether this proximity between the two business segments indeed indicates a spatial correlation or association, let us focus on the resultant clusters and dispersion in the map of informal and formal business distribution in Figure 6.10.

Table 6.23 Variations in the coordinates and linear distances of the *mean centre* of formal business distribution in Enugu from 1960 to 2010.

Period	Place Coordinates		Distance	Place Description
	X-Coordinate	Y-Coordinate		
1. 1960 - 1970	334635	712583	Origin	A (or Origin) located at the southern edge of the CBD
2. 1971 - 1980	335233	712683	606.30	B
3. 1981 - 1990	335097	712573	174.92	C
4. 1991 - 2000	335124	712738	70.38	D
5. 2001 - 2010	335005	712580	197.80	E

Source: Fieldwork and Analysis, October, 2011.

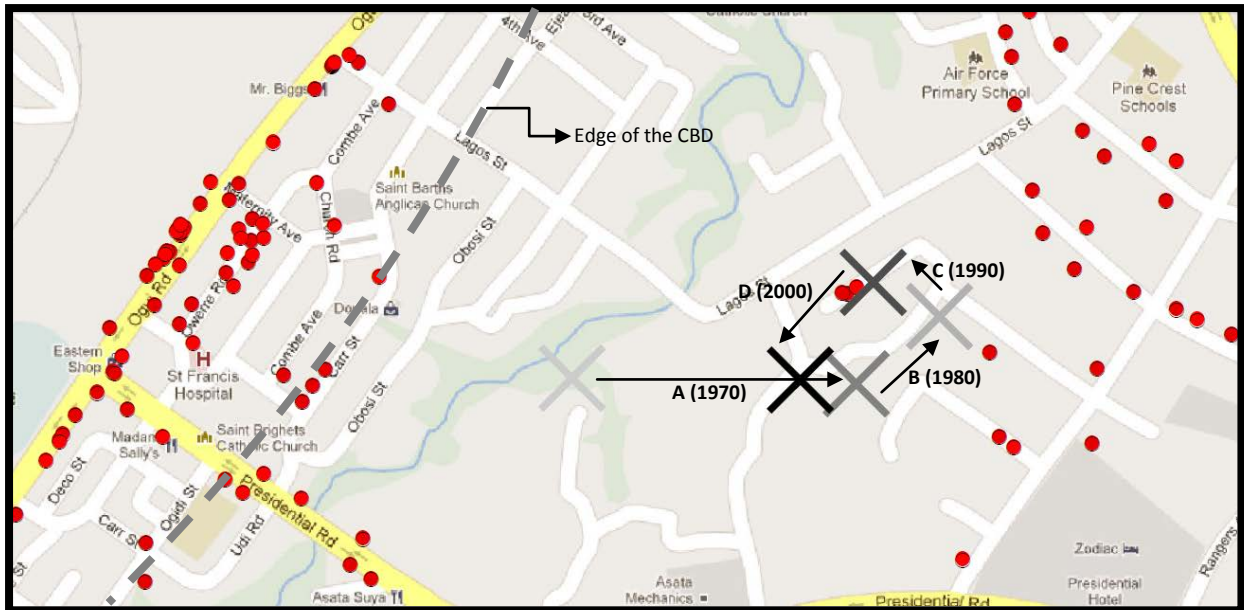


Figure 6.9 A close-up image of the Ogui Road and Presidential Road section of Enugu showing the shifting *mean centre* (each X indicating the *mean centre* in five decades from 1960 to 2010).

From Figure 6.12, we can visualise one major business cluster that stretches from the Asata-Ogui through Ogui-New layout to Uwani-Achara district, while minor business clusters are found in the Chime Avenue area of New Haven neighbourhood and towards the northern border in Abakpa Nike and Trans-Ekulu neighbourhoods. Further analytical test of this distribution map of informal and formal sector businesses using the Hot Spot analysis (Getis-Ord G_i^*) validated the same areas of high and low clustering in the city (see Figure 6.13 and compare with Figures 6.9 and 6.12). But imperative question is whether the apparent facade of spatial relationships or associations between the two business segments displayed qualitatively by visual conformity, and quantitatively by the proximate *spatial mean centres* can be confirmed scientifically. And if so, what factors determine this relationship? Are the changes in the distribution structure of informal and formal businesses accounted for by the same sets of physical, economic, and socio-cultural variables? If these spatial causalities which constitute the conjectural benchmarks of this research (i.e., the first and second hypotheses) are proven by means of parametric statistics, it would mean that the spatial relationships between informal and formal business distributions and the factors that predispose them are not mere chance occurrences (see Leedy & Ormrod 2010: 278). Let us revisit the two research hypotheses.

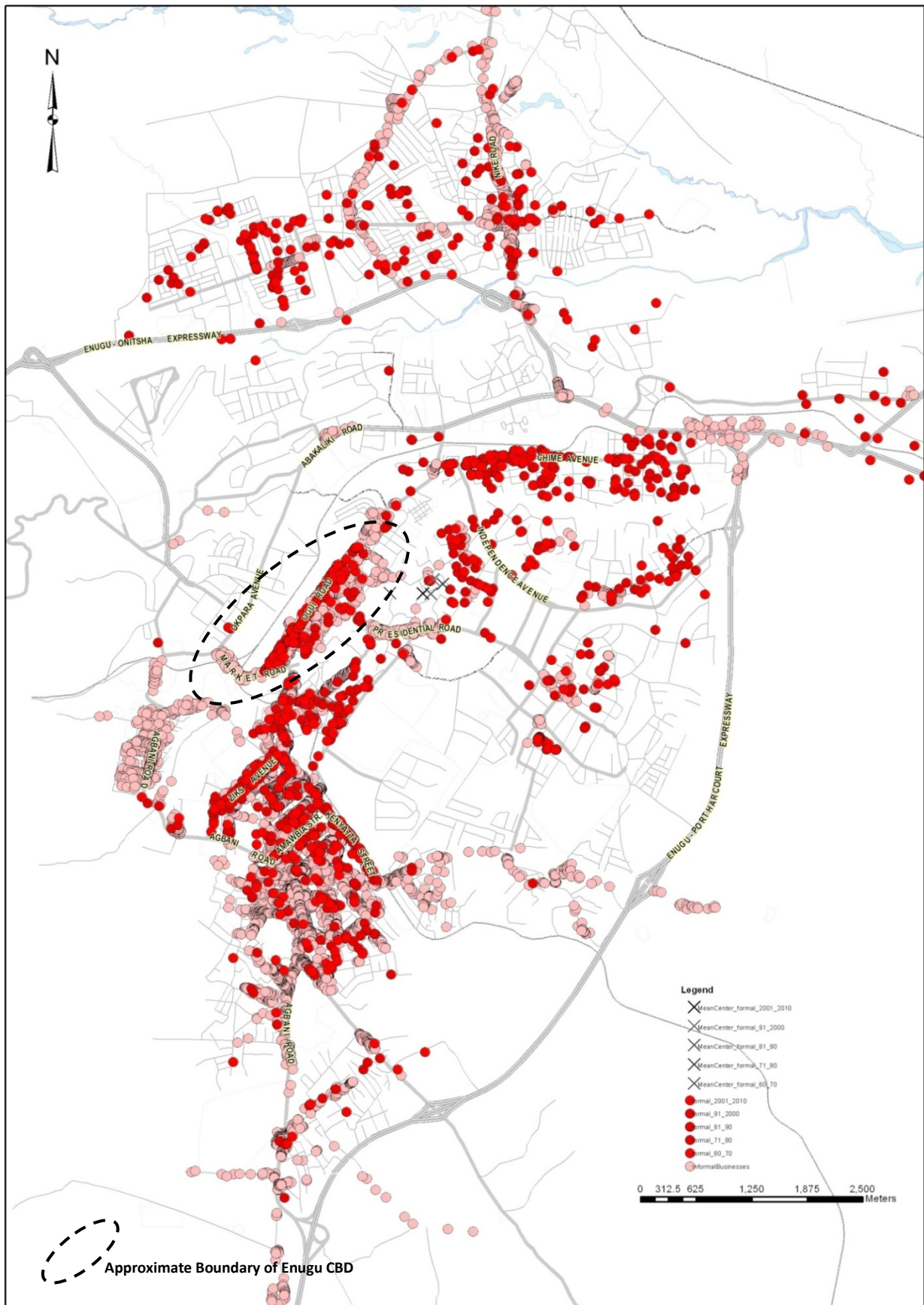


Figure 6.10 The entrepreneurial landscape of Enugu or distribution pattern of informal and formal businesses (2010).

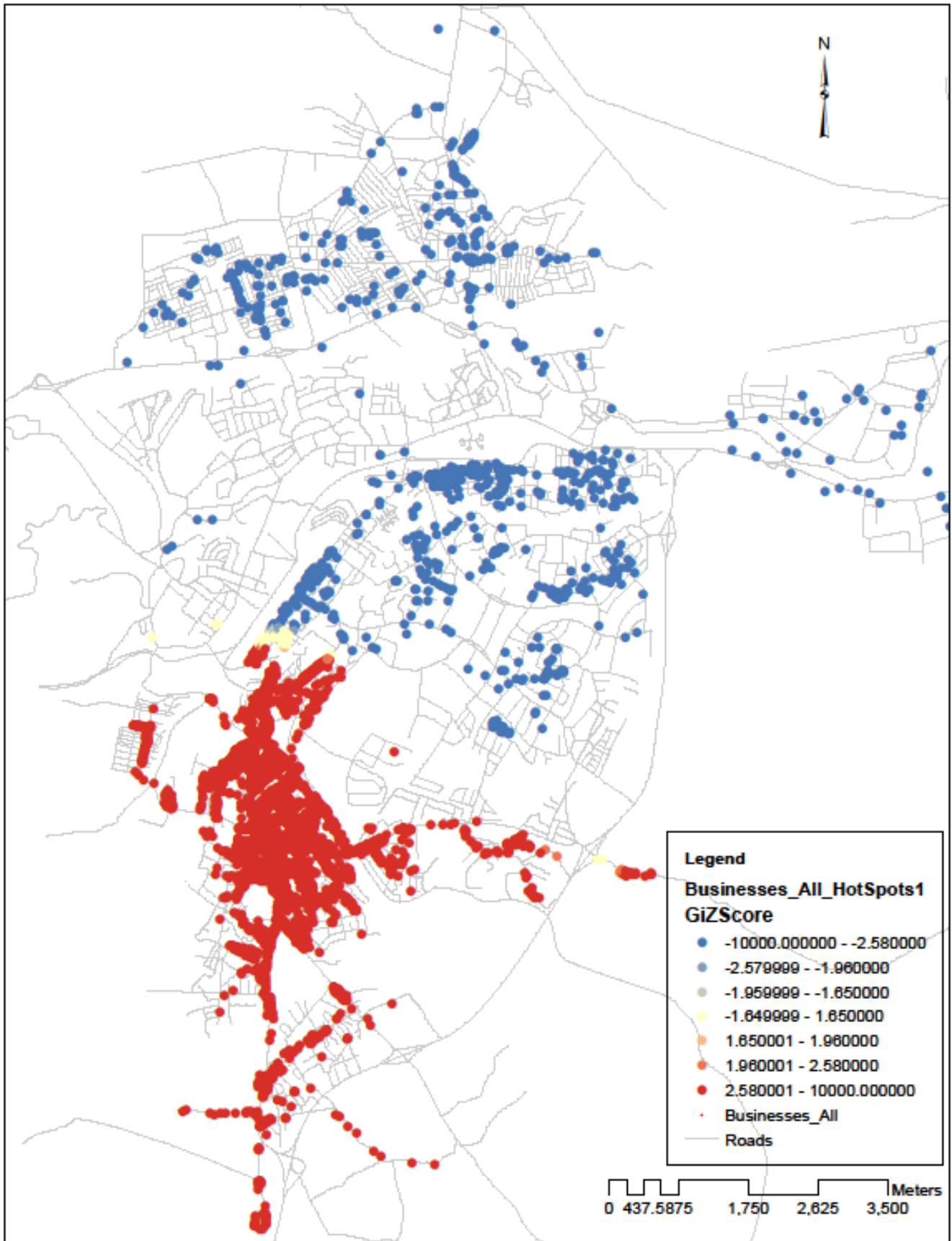


Figure 6.11 The Hot Spot analysis of the informal and formal sector business distribution in Enugu (2010)

6.3 TEST OF HYPOTHESES

We shall start this section by recapitulating the two formulated research hypotheses, but this time, due to the dictates of inferential statistics and research methodology (Leedy & Ormrod 2010: 278), in the form of Null Hypotheses as follows:

H₀1: Though the economy is a continuum with a layered structure, a significant relationship cannot be established between the distribution structures of informal and formal business enterprises.

H₀2: The changes in the spatial (distribution) and structural (inter-sectoral linkages) relationships of informal and formal businesses in Enugu cannot be accounted for by the same sets of physical, economic, and socio-cultural variables.

Mapping the entrepreneurial landscape of a city would entail identifying the point distribution location of constituent economic or business units with the intent to unravel dominant patterns, which in turn will tell us more about the interaction among the businesses as well as the inner workings or internal structures of the city (Myint 2008). Since the spatial and structural features/patterns in question are dynamic elements of the city in the ongoing global-local economic transformation, it is possible to mirror the growth/development elements and impulses in the national and indeed global urban systems from the prism of that city (Andranovich & Riposa 1993; Herbert & Thomas 1997).

With reference to the study area, let us explore the basic rubric of the research by tackling the hypotheses one after the other.

6.3.1 Are there any Spatial Relationships between Informal and Formal Businesses in Enugu?

In considering the first null hypothesis, we are set to establish whether any significant relationship between the distribution structure of informal and formal business enterprises in Enugu are mere chance occurrences. A graphical portrayal of the economic or entrepreneurial landscape of Enugu is imperative, and this is achieved by aggregating all the spatial data

pertaining to informal and formal business distributions in Enugu (Refer to Figures 6.2 and 6.3 in *Subsection 6.1.3.1* and Figures 6.9 and 6.10 in *Subsection 6.2.2.1*). The visual outcome is represented in Figure 6.13, which highlights major areas of spontaneous clusters of informal and formal businesses. These areas include: the Uwani-Achara, Abakpa-Nike, and Asata-Ogui districts, with the exclusion of Ogbete or Coal Camp area that accommodates the motor and machine spare-parts market – a predominantly informal business cluster. A systematic visual assessment – i.e., applying the analytical of visualisation (see Frank 2003: 300) – of the business distribution maps in Figure 6.12 and 6.13 would readily suggest some evidentiary association between the two business segments in Enugu.

Nevertheless, in keeping with the statistical norms of hypothesis testing, it is paramount to use assessments inferential spatial statistics, and so, we apply the *Spatial Autocorrelation* (global Moran's I) and the *Multi-distance Spatial Cluster Analysis* using the *Analysing Pattern* toolset of ESRI's ArcGIS software.

6.3.1.1 Result of the Spatial Autocorrelation (global Moran's I) and the Multi-distance Spatial Cluster Analysis

The output or result of this analysis shown in Figure 6.15 confirmed the earlier visual assessment that the distribution of informal and formal businesses in the study area is highly correlated. The Moran's I index is 0.16 with a Z score of 159.78 at a significant level of .01 and critical value of 2.58, revealing a highly clustered spatial association (or dependence) between the informal and formal business distribution in the study area. The Z score is an index of normal distribution that does tell us the extent to which the measured geographical features deviate from the mean. The result of the *Multi-distance Spatial Cluster Analysis* used as a validation measure is equally convincing. The analysis was set at a permutation of 9 (or 90 degrees confidence level) with minimum enclosing rectangle revealing the analysis in Table 6.23. The graphical portrayal of these values is shown in Figure 6.17. The graph compares the observed spatial pattern with the expected pattern (i.e., the random spatial pattern) to show that

the degree or rate of clustering is statistically significant at larger distances. This is because the observed pattern falls within the clustered margin, clearly soaring above the expected value as well as the confidence envelope – i.e., the margin between Lower and Upper Confidence levels (see Scott & Janika 2010: 31-32). This kind of tightly fitted together confidence interval that coincides with the trend line is called a *simultaneous confidence level*, and often indicates the tangible existence of the trend in question (United States Environmental Protection Agency 2009: 21-23).

The Ripley's K function reveals the degree or intensity of clustering or dispersal over ranges of distance. A clustered distribution over and above the random distribution expected at any particular point normally occurs where the Observed K value is greater than the Expected K value. A smaller value for the Observed K viz a viz the Expected K creates an opposite or reverse event – more disperse distribution of the features than the expected random distribution at the distance in question than The shaded part (row number 5) with the highest Diff- K represents the distance where the spatial processes responsible for clustering are most striking.

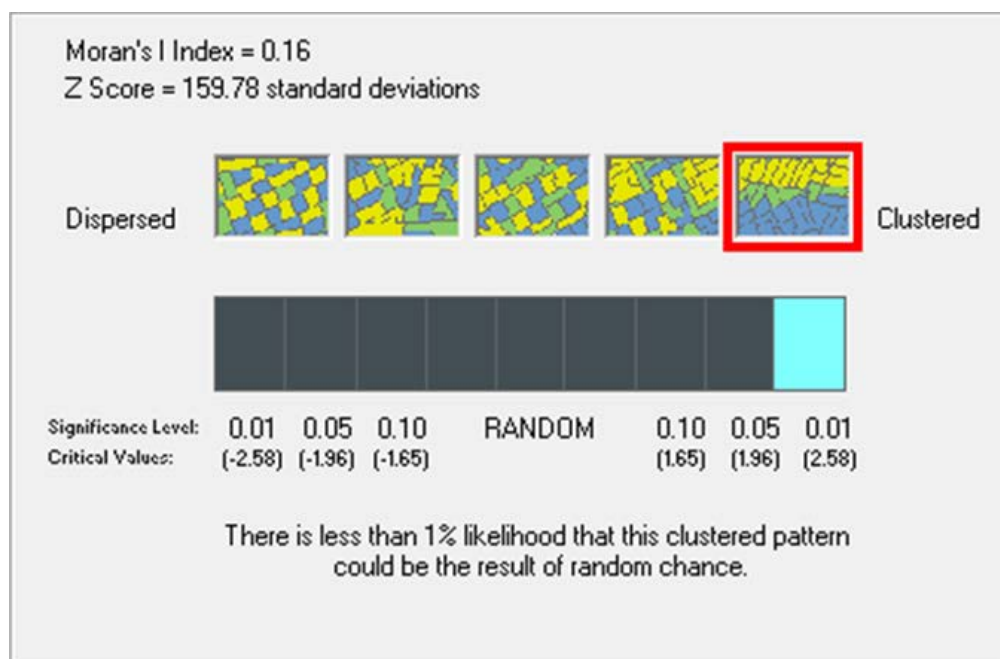


Figure 6.12 The Result Window of the Spatial Autocorrelation (Moran's I) of informal and formal businesses in the city of Enugu.

Table 6.23 Extent of clustering and dispersal of informal and formal businesses at incremental distance margins

S/N	A Expected K Value	B Observed K Value [L (d)]	C Diff-K Value (B-A=C)	Confidence Envelope
1	485.40	2493.30	2007.90	518.47, 522.20
2	970.80	4138.38	3167.58	1023.02, 1026.95
3	1456.20	5246.01	3789.81	1508.75, 1519.20
4	1941.60	5954.05	4012.46	1977.23, 1995.21
5	2427.00	6443.99	4017.00	2431.70, 2454.70
6	2912.40	6768.12	3855.72	2868.79, 2899.64
7	3397.80	7045.93	3648.13	3289.90, 3327.89
8	3883.19	7259.09	3375.90	3693.80, 3739.25
9	4368.59	7442.68	3074.09	4081.72, 4133.17
10	4853.99	7611.22	2757.22	4452.32, 4510.09

Source: Spatial Statistics Analysis using ArcGIS

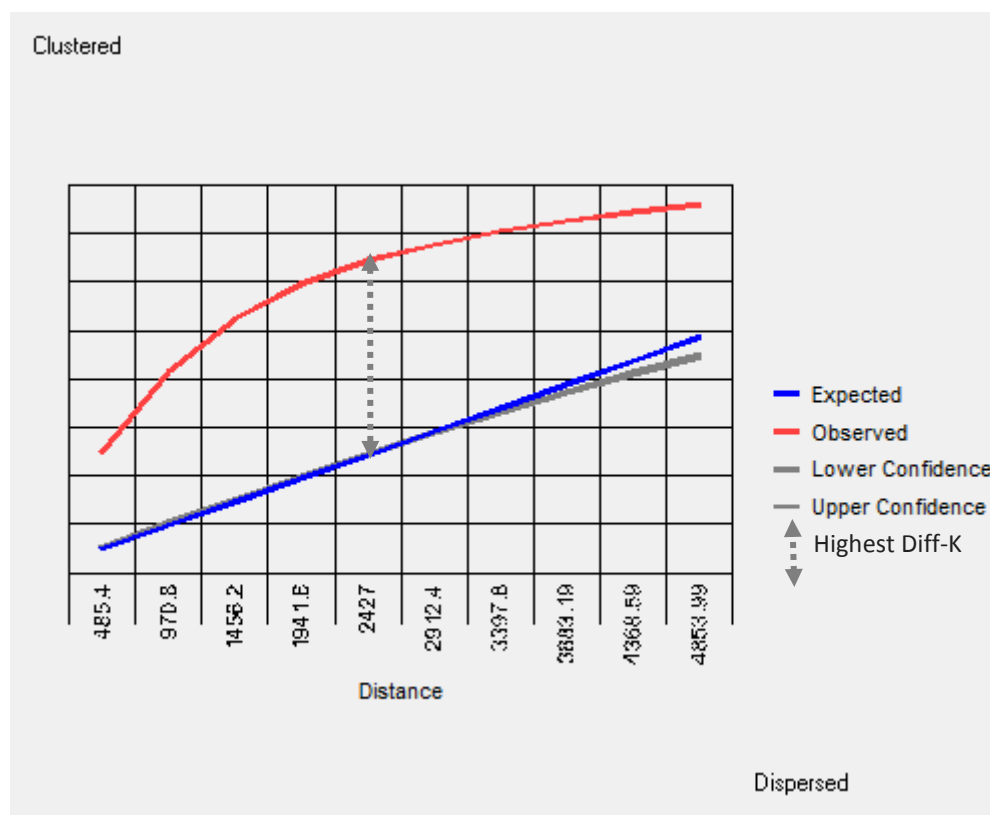


Figure 6.13 The Result Window of the Ripley's K function of informal and formal businesses in the city of Enugu

Based on the above outputs of the two spatial statistical analyses, it is possible to confirm with certainty that the distributions of informal and formal sector businesses in the study area are significantly correlated. In other words, the location proclivity of one is highly associated or dependent on the other. This outcome offers us a logical ground to reject the first Null hypothesis, which held that a significant relationship cannot be established between the distribution structure of informal and formal business enterprises. *We therefore conclude on the basis of the current evidence that a significant relationship exists between the distribution structure of informal and formal business enterprises in the study area.* As expected, this leads us to the second Null hypothesis, which attempts to interrogate the causal factors of this characteristic entrepreneurial landscape.

6.3.2 What are the causal factors in the Spatial and Structural Relationships in Enugu?

Furthermore, the second null hypothesis sought to verify whether any changes in the spatial (distributional) and structural (inter-sectoral) relationships of informal and formal businesses in Enugu accounted for by the same sets of physical, economic, and socio-cultural variables are mere chance occurrences. This is discussed under variable generation and Principal Component Analysis (PCA).

6.3.2.1 Variables of Informal-Formal Business Relationship

There are a multitude of factors (physical, economic, social, cultural, and political) that shape the city and determine the order, pattern, and interrelationship of/among the constituent elements (see Tobler 1970; Saunders, 1986, for example). In order to verify the key determinant variable or factors in the relationship between informal and formal businesses in the study area, we had to analyse the attitudes of entrepreneurs of both business segment towards one another, people of other cultures, and the competition modes and business methods they employ. The result is surmised in Tables 6.16 and 6.21 (represented below for ease of

sequence as Tables 6.24 and 6.25 respectively) obtained correspondingly from Question No. 41 in the informal-sector questionnaire and Question No. 8 in the formal-sector questionnaire on relationship with other businesses (see Appendix B). Principal Component Analysis (PCA) was applied in order to explore the incidence of patterns or covariance in the dataset in a manner that underlines the similarities and differences (Smith 2002); and like Factor Analysis, the PCA is a data compression technique that reduces the number of components with little or no loss in information. About 10 variables in all were isolated. But in order to remove *multicollinearity* – a condition in which two or more variables in an equation are related, variables nos. 1, 2, and 6 (shaded) had to be dropped leaving us with 7 variables.

Table 6.24 Assessment of the relationships between informal and formal businesses in Enugu

Feelings about the informal Sector	Positive	%	Neutral	%	Negative	%	Total	
							F	%
1. Relationship with neighbouring business	Nil	-	3	2.0	150	98.0	153	100
2. Other cultures	10	6.5	17	11.1	126	82.4	153	100
3. Competition	24	15.0	45	29.4	85	55.6	153	100
4. Business methods	33	21.6	3	2.0	117	76.5	153	100

Source: Fieldwork and Analysis, October, 2011.

Table 6.25 Assessment of the relationships between formal and informal businesses in Enugu

Feelings about the Informal Sector	Positive	%	Neutral	%	Negative	%	Total	
							F	%
1. The informal sector (in general)	3	2.0	67	43.8	83	54.2	153	100
2. Their business methods	14	9.2	74	48.4	65	42.5	153	100
3. Their products	17	11.1	81	52.9	55	35.9	153	100
4. Their client base	10	6.5	85	55.6	58	37.9	153	100
5. The environment they create	50	32.7	80	52.3	23	15.0	153	100
6. The informal sector as competition	55	35.9	64	41.8	34	22.2	153	100

Source: Fieldwork and Analysis, October, 2011.

6.3.2.2 Principal Component Analysis (PCA) of Informal-Formal Business Relationship

The outputs of the PCA are the Community Table, the Total Covariance Matrix, the Rotated Matrix Table, and the Scree Plot. The Communalities Table in Tables 6.26 shows the initial and extraction communalities which indicate the proportion of variance accounted for by each

variable in the factor score normally equated to 1.000. In other words, the communalities of the 7 variables in this table are high (above 0.594), which do indicate they are all significant (to the proportion of their respective extraction communality) to the relationship of informal and formal businesses. Table 6.27 shows the *eigenvalues* (in the Total column) or the amount of variance in the original variables accounted for by each hypothetical component. The column on Percentage (%) of Variance represents the percentage ratio of the variance accounted for by each component to the total variance in all of the variables. For instance, Component or Factor 1

Table 6.26 Commuality Table of variable accountable for informal-formal business relationship

Variables	Communalities	
	Initial	Extraction
1. Relationship with neighbouring business	1.000	.663
2. Other cultures	1.000	.784
3. Competition	1.000	.594
4. Business methods	1.000	.824
5. Their products	1.000	.695
6. Their client base	1.000	.771
7. The environment they create	1.000	.674

Source: Data Analysis

Table 6.27 Total Variance Matrix of variables accountable for informal-formal business relationship

Compts.	Initial Eigenvalues			Extr. Sums of Squared Loadings			Rot. Sums of Squared Loadings		
	Total	% of Var.	Cum. %	Total	% of Var.	Cum. %	Total	% of Var.	Cum. %
1	2.231	31.876	31.876	2.231	31.876	32.876	2.181	31.155	31.155
2	1.631	23.307	55.183	1.631	23.307	55.183	1.638	23.399	54.555
3	1.142	16.321	71.504	1.142	16.321	71.504	1.186	16.949	71.504
4	.784	11.197	82.701						
5	.584	8.341	91.042						
6	.398	5.681	96.723						
7	.229	3.277	100.000						

Source: SPSS Data Analysis

explains 31.876% of total variance in the equation whole Factors 2, 3, and 4 account for 23.307%, 16.321%, and 11.197% respectively, and so on. Clearly, the first four factors account for the disproportionately large quantity of the variance (82%) while the subsequent factors (5,

6, and 7) explain only small amounts of variance as we can see from the Cumulative Percentage (%) columns in Table 6.26. Figure 6.18 expresses this multivariate equation of informal-formal business relationship in Enugu graphically in a Scree Plot below. The Scree Plot helps to determine the optimal number of these hypothetical components. The eigenvalue of each component in the initial solution is plotted. Generally, the first three components on the steep slope were extracted. The components on the shallow slope contribute little to the solution.

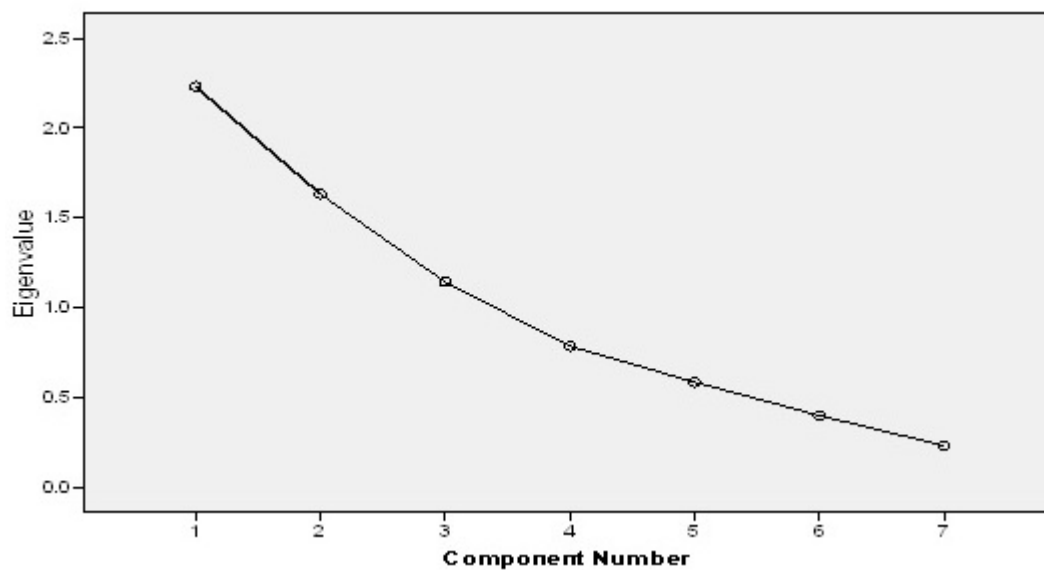


Figure 6.14 A Scree Plot that rates the components based on their respective eigenvalues

Thereafter all factors with eigenvalues greater than 1.000 (i.e., Factors 4 to 7) were extracted, leaving us with the three dominant 3 factors (i.e., Factor 1, 2, and 3), whose *eigenvalues* together account for the cumulative percentage of 71.504% (see the three sub-columns under the Extraction Sums of Squared Loadings). In another sense, only the three factors are responsible for over 71% of the variability in the original ten variables, and as such, the convolution or 'noise' implicit in the data set can be considerably reduced by adopting just three components with only a consequent loss of information of less than 29%. However, the need to optimise or smoothen the factor structure by ensuring that the variation is now spread more evenly over the components necessitated the rotation of the variance matrix. This revealed

the ‘rounded’ eigenvalues but with minute changes occurred after the rotation in the three factors shown under the Rotation Sums of Squared Loadings column of the Table 6.26. These slight adjustments do confirm why the rotated component matrix is more acceptable and easier to interpret than the unrotated matrix. Finally, the rotated component matrix (also called the rotated factor matrix in Factor Analysis), which is a matrix of the factor loadings for each variable on each component or factor, shows factor loadings greater than 0.4 and sorted by order of size. A close observation of the result in Table 6.28 reveals three components or factors and the respective variables loadings. Component 1 clusters three variables (business methods,

Table 6.28 The Rotated Component Matrix of the variable of informal-formal business relationships

Variables	Component		
	1	2	3
1. Business methods	.901		
2. Other cultures	.879		
3. Competition	.768		
4. Their client base		.856	
5. Their products		.790	
6. Relationship with neighbouring business			.784
7. The environment they create		.468	.673

Source: SPSS Data Analysis

other cultures, and competition); Component 2 also clusters three variables (their client base, their product, and to a lesser extent (.468), the environment they create); and Component 3 consists of just two variables (relationship with neighbouring businesses and the environment they create). At this juncture, it is imperative to clarify what these three component-clusters actually signify. In other words, what fundamental or more basic variables relevant to the current study do they define? In that wise, we can therefore decipher that *the changes in the spatial (distribution) and structural (inter-sectoral linkages) relationships of informal and formal businesses in the study area are accounted for by the same sets of physical, economic and socio-cultural variables*. Principal among the determinants of these spatial-structural causalities are: *socio-economic and cultural traits or business ethos* (Component 1), *quest for*

client base and market control (Component 2), as well as *physical environment and mode of business transaction* (Component 3). Hence, the second Null hypothesis is also rejected.

The two premises outlined above provided grounds for the rejection of the first and second hypotheses, and thus giving us the rational proof that a significant relationship does exist between the distribution structures of informal and formal business enterprises in the city of Enugu. And that the changes or variations in these spatial and structural relationships are caused by a number of physical, economic, and socio-cultural variables. The two Null hypotheses are again restated below for the sake of emphasis.

H₀1: Though the economy is a continuum with a layered structure, a significant relationship cannot be established between the distribution structures of informal and formal business enterprises.

H₀2: The changes in the spatial (distribution) and structural (inter-sectoral linkages) relationships of informal and formal businesses in Enugu cannot be accounted for by the same sets of physical, economic, and socio-cultural variables.

This pivotal conclusion has certain resonances for both the proximity and generative thesis of Sanders (1987) and the culture-entrepreneurship interface of Berger (1995). We shall explore the policy as well as the practical and theoretical implications of this result and other accompanying findings in the final Chapter 7.

CHAPTER 7: SUMMARY AND CONCLUSION: TOWARDS A SPATIAL-STRUCTURAL MODEL OF THE NIGERIAN URBAN BUSINESS LANDSCAPE

"I invoke the first law of geography: everything is related to everything else, but near things are more related than distant things" (Tobler 1970).

This final Chapter on summary and conclusion is essentially a collation of the highlights and conclusions drawn from the preceding Chapters. In order to tie together the whole research in the appropriate structural sequence and harmonise the research results with the original study goals and objectives, the Chapter is further partitioned into three sections. The first section rehashes the research goals and objectives as points of reference for distilling the key research conclusions and findings drawn from the successive chapters. Then the second section brings the dissertation to a close by emphasising the theoretical and policy implications of the findings. Moreover, this last section offers a number of recommendations on possible ways of improving the entrepreneurial landscape and economic competitiveness in Nigeria. The limitations of the current investigation as well as future directions and areas for further studies are also explored.

7.1 SUMMARY OF RESEARCH FINDINGS

Based on the extensive literature evidence on global trends in industrial development, globalisation and urban systems evolution, and the attendant global-local dynamics, one can conclude with certainty that the characteristic business or entrepreneurial landscape implicated in urban Nigeria is symbolic of the spatial-structural causalities resulting from the globalisation-induced transformations in the country from 1990 to 2010. Hence, the current study lends additional support to the informality-globalisation thesis that link global process to visible footprints of dependency in developing country cities (Stuart 1987; Korff 1987; Teltscher 1994; Clark 1998; Losby et al. 2002: 13; Arksikas 2007; Meagher 2008: 4. However, recalling that the business evolutionary argument by Ybarra (1989), Kloosterman, *et al.* (1999) and Garnet

(2001), it is certain that change and growth do happen. Yet, research has shown that informal sector policies and programmes in Nigeria and across the world, reflect two fundamental approaches to the sector in particular, and urban informality in general. There is, on the one hand, the benign but static position that maintains a rather romanticised and unproductive view of the informal sector; and on the other hand, the new progressive position (which the current research adopts) that focuses on the growth prospects of the sector and its activities as a rudimentary phase in the development cycle. Whereas the former viewpoint tends towards a conceptual deficiency leading to weak policy prescriptions as well as to a shallow and restrictive informal sector development agenda, the latter is more attentive to stimulating the evolution from informality to formality with consequent growth of the urban and national economies (see Geyer, Geyer & Plessi 2012).

By espousing this progressive perspective, the current research is a substantial departure from the former approach that largely negates the informal-formal sector continuum potentialities, and thereby represents in some sense a reasonable addition to current knowledge on the informal sector in Nigeria. At the background the global-local economic changes, viz a viz the economy and its structural bifurcations, the study focused on the policy implication of the spatial and structural relationships between informal and formal sector businesses in urban Nigeria. Based on a broad-based research methodology or *mixed research methods*, involving elaborate information gathering using both conventional and up-to-date techniques (GIS and ArcGIS software) most of the research targets were met. These research targets or objectives are discussed in turn in the subsequent subsections.

7.1.1 Urban Processes and Land Use Dynamics in Changing Business landscape.

The first research objective sought to explore the ideological foundations of informal economic activities/land use in contemporary developing-country cities. Although little (if any) consideration was made for the informal sector (or urban informality) in early and

contemporary urban theories of urban form and spatial dynamics, evidence from latter studies point to the trajectory of ‘emancipatory’ studies in social sciences and urban studies that (re)traced the ‘spatial logic of informality’. Contrary to separate ‘breaking new ground’ claims by Kudva (2005) and Brown (2006), the merger of informality and spatiality subthemes can only be traced back to the structuralist conceptions of Santos (1970, 1972, & 1979) and McGee (1973). Ever since, this Santos-McGee paradigm of spatial-informality studies has progressed through the second generation (Bromley 1980; Dewar & Watson 1982, 1990; Van Dijk 1983, for example) and third-generation (Kesteltoot & Meert 1999; Dierwechter 2002; Hansen & Vaa 2004; Roy & Al-Sayyad 2004; Kudva 2005; Brown 2006, for example). Today, urban informality has become a received concept in many *space and place-based studies*, to which Manson and O’Sullivan (2006: 667) have included, but are not limited to, geography, anthropology, environmental science, urban planning, regional science, and architecture.

The activity system perspective in *space and place-based studies*, the following provide the theoretical underpinning for understanding the structural dynamics of the changing urban business or entrepreneurial landscape in the world, and they include:

1. Urban activity systems are multifaceted and layered structures (Chapin & Kaiser 1979; Geyer 2001);
2. The diverse conceptualisation of employment and urbanisation do explain the foundation and dynamics of economic and urban informality;
3. All through the pre-modern and modern epochs of social science, the theories of urban form and activity systems omitted any hints of informality until the post-modern period characterised by the *emancipatory approach* of which the Santos-McGee paradigm is one of its conspicuous strands; and
4. Like its obverse, informal activity systems are also space-denominated (refer to Garner 1967 and Tobler 1970).

Therefore, these provided the concrete logical evidence to evaluate the *entrepreneurial or entrepreneurship landscape* – to use Spring's (2009) apt phrase again – of a prototypical Nigerian city, Enugu. From an exhaustive review of Nigerian informal sector and informality literature, this is the first time in Nigeria, as is known to the author, that not just that informal and formal sector businesses are incorporated in the same 'empirical terrain' but that GIS and up-to-date analytical techniques are employed in mapping the full business landscape. The necessity, on one part, to contextualise the study area, and on the other part, to highlight the urbanisation-development interface at the national level, mandated an examination of the Nigerian urban system.

7.1.2 Origin and Socio-political/economic Characteristics of the Nigerian Urban System

The conclusions contained in this subsection are mainly drawn from Chapter 4, and they do address the second objective of this research. The physical and socio-economic structures of Nigerian cities are a function of economic, socio-political and cultural evolutions that spanned from traditional preindustrial society to the colonial and post-colonial epochs. Evidently, the pattern of urban population and settlement hierarchy, as well as the structure of discrete cities or towns are forged in the modes of the successive political orders with distinctive markers to signify each regime. The failure of post-colonial governments in Nigeria to reverse the largely 'urban-biased' distribution of infrastructure and employment which had taken root in the immediate aftermath of the British colonial rule (1885-1960) has engendered a sort of productionism-oriented migration trend behind the persistent waves of unskilled migrant labourer from the rural areas to the urban centres. We can therefore attribute the source of Nigerian's massive informal sector – numbering 17,261,753 businesses with a total employment of 32,375,406 (NBS/SMEDAN 2012) – to the wave of rural-urban migration of no- or lowly-skilled people drawn by the Todaro's the 'bright lights' syndrome. In Nigeria,

elaborate evidence in literature relates the steep growth in informal labour to global economic restructuring as epitomised by the SAP of 1986.

The ensuing *over-urbanisation* in Nigeria has been linked to pervasive rural/urban poverty, an inefficient labour market, infrastructure shortage and overload, and other socio-residual effects. However, one underlining and far reaching problem of the economy is the widening rural-urban disconnect (Federal Republic of Nigeria 1975; Mabogunje 1977). By this reasoning upheld by successive generations of urban geographers and economist in the country (see Abumere et al. 1995; Arimah 2001; Ajayi 2007; Iwuagwu 2011), rural-urban economic detachments go to aggravate import-dependence and eventually weaken the prospects of endogenous economic growth. In spite of the massive expansion of the informal sector in the country, its *entrepreneurial landscape* has suffer from: (i) high import-dependence in both the formal sector and informal sector of the economy; (ii) a poor and worsening macro-economic climate; and (iii) a near total disregard in policy and programmes of structural and locational environment for informal and formal business development. How can the informally driven economy of Nigeria with under-commitment to manufacturing be made to transit to a more formalised one with growth and competitiveness in view? How can policy contribute to reshaping the Nigeria *entrepreneurial landscape* in line with this perspective? As important as these issues are, it will depend on what is on the ground.

7.1.3 Spatial and Structural Relationships in Enugu's Entrepreneurial Landscape

A significant degree of spatial and structural relationships has been established in the entrepreneurial landscape of the study area. This is visible from the various distribution maps (Figure 6.11 in particular) in this report. As earlier mentioned, the emergent pattern seems to agree with Sanders' (1987) proximity and generative theses of informal sector agglomeration. It also somewhat conforms to the Toblerian logic that 'everything is related to everything else, but near things are more related than distant things'. The notable business agglomerations in Enugu

are the Uwani, Achara, Abakpa-Nike, Asata, and Ogui layouts, which have turned out as spontaneous clusters of informal and formal sector businesses. Although these layouts were originally designed and registered as residential neighbourhoods (for instance, the plan for Uwani and Achara were registered with the Central Planning Office in 1964 and 1972 respectively), businesses have sprung up and spread there over the years. Perceptibly, this appears to be following a basic pattern of contagion occurring among adjoining rooms, building, and neighbourhoods to what has now become an elongated cluster, stretching from Ogui-Asata through Ogui New layout to Uwani-Achara district (refer to Figure 6.11). Although the Enugu Master Plan had originally sought to reverse this organic development trend at the stage of its infancy in the 1980s by centralising business locations in the CBD to build on the formal-informal sector interaction (*Master Plan for Enugu*, Phase 2: 189), this deliberate or conscious planning intention was however remained unimplemented till date. The question of whether the pattern of land use admixture implicated in the study area, and indeed other Nigerian cities, represents an anti-planning development or one that is socio-culturally relevant is still far from resolved (see Onyebueke 1998). This issue is encapsulated in the 'alternative modernity' discourse, and epitomise the common tension in many African cities, which Myers (2011) recently spoke about. According to him, this tension "exists between modern ideas of how cities should look and work – the formal city – that sometimes makes little sense, and an alternative, fluid, ambient – informal city – that is getting by on its own, if perhaps barely so" (p. 79). This important area of enquiry is however outside the scope of the current study.

Considering this characteristic spatial-structural pattern, two questions would naturally arise, especially in the line of the third research objective that also endeavoured to isolate the determinant factors. To start with the notable determinants of this causality in the study area are: (i) the socio-economic and -cultural environments that shape entrepreneurship and business ethos; (ii) quest or acquisition for client base and market control; and (iii) physical environment and mode of transacting business. The first part of this conclusion underlines the established

association between business development with social and cultural factors, especially when such business ethics or/and ethos are 'habitualised, routinised, and institutionalised' over time (Berger 1995: 8). The last two parts do highlight the well-known fact that most businesses, the informal sector enterprises in particular, tend to locate close to population centres with potentially large client base (see Dewar & Watson 1990 for example). It is noteworthy that the emergent entrepreneurial landscape in the study area cannot be disassociated from the apparent contradiction in Nigerian cities characterized by prevailing mixed land use phenomenon (in this case commercial, industrial, and residential activities existing side by side) amidst the statutory/institutional environment that would ordinarily prohibit their occurrence. In fact, many of the plans in place to manage informal businesses in many Nigerian cities are more or less stop-gap measures. And as such, have neither guaranteed stable occupancies for informal businesses nor provided any congruent or organised business distribution patterns. In fact, many of the policies and programme prescriptions function at cross-purposes with small business development since they lack both specification and accommodative elements that the suggested target-specific informal sector master-plan proposes (see Dewar 2005).

7.1.4 Sectoral Spread and Nature of Informal-Formal Business Relationship

Despite the fact that samples of only 5 business categories – whole & retail trade, personal services, technical services, manufacturing & processing, and financial Intermediation – were taken (for more details, refer to Table 5.7), the business category and product range in both sectors are quite broad as we can verify from Tables 6.8 and 6.19. In the study area, informal sector business categories, in descending order of dominance, include: wholesale and retail Trading (62.8%), personal and technical services (24.3%), and manufacturing/production (13.0%). Also, the formal sector, on the other hand, has wholesale and retail trading dominating with 31.4%, and followed by technical services (24.2%), financial intermediation (18.3%),

personal services (13.1%), and manufacturing and production (13.1%). The limited product and market reach of the informal sector in the steady area is a product of their weak establishment.

We notice here that the urban economy in the study area is dominated by trading, and as the purchase/sales and production linkages (upstream and downstream) have revealed, the merchandise constitutes mostly of imported products. This high proportion of imported goods, even among other categories such as personal & technical services and Manufacturing & Production, signifies the fact that import dependence is critical in Nigeria (see Meagher & Yunusa 1996: 16). Excessive import dependence can undermine the incubation and growth of autochthonous or indigenous productive mechanisms, and can also diffuse the benefits of strong informal and formal sectors in terms of promoting endogenous growth. Part, if not the whole, of this dependence has been adduced to the intrinsic sector-wide gap between the urban and urban economies in Nigeria (Mabogunje 1965, 1968; Onyemelukwe 1977: 22; Onokerhoraye & Omuta 1994: 137-139). This has resulted, on the one hand, to the underdevelopment of agriculture, and to the cultivation of foreign taste for goods and services as well as for raw material inputs.

In fact, the industry-agriculture interface is so vital to economic development that Turok (1987) underlined its non-attainment as one of the biggest policy failures that impeded industrial growth on the African continent. The implication is that the incubation of some autochthonous productive mechanisms, the advocacy of improving the linkages between the informal and formal sectors may not amount to much in terms of endogenous growth. This mistake observed in the informal sector is also economy-wide. In fact, the widening gap in the industry-agriculture interface, which is unfolding in many African countries, has been blamed on policy failures (Turok 1987) with consequent effect of weakening the economies of most of its secondary towns (Geyer, Geyer & Du Plessis 2012). Incidentally, the close between the industrial and agricultural sectors has remained the backbone of China's economic reforms and rapid advancement (Boreham 1995).

7.1.5 Towards a new construct of the Nigerian Urban Business Structure

For more than three decades, urban geographers have held the structuralist view of the urban business landscape in Nigeria approximates to a four-tier retail hierarchy. To most of them, four levels of retail conformation that define the Nigerian business structure are the central retail area (corresponding to the central business district, CBD), the subsidiary markets, the roadside shopping belts, and neighbourhood stores (Mabogunje 1968 *for Lagos and Ibadan*; Onokerhoraye 1977; Onokerhoraye & Omuta 1985 *Benin City*; Okoye 1985 *Enugu*). Ever since, practically little or no effort has been made to update this model despite the proliferation of business outlets in Nigerian cities with the onset of SAP in 1986. Figure 7.1 illustrates the basic element of the received theory of the Nigerian retail structure. Two factors might have contributed to the above limitations, and they include: (i) the apparent demise of structuralism in the Nigerian social science circle in the 1990s; (ii) the novelty of the GIS techniques and the delay in applying this precision equipment to business location mapping in the country. These form part of the knowledge gap which the current research has attempted to fill.

The result show that what used to be a fairly distinct four-tier hierarchy of business distribution in Nigerian cities of which Enugu was a test case (see Okoye 1985; Onyebueke 2000) is changing quite significantly (see Figure 7.2). After all, how else would the intense business multiplication being experienced in the country since the SAP in 1986 manifest on a spatial scale? Between 2004 and 2010 alone, the Nigerian Bureau of Statistics recorded approximated 60% and 162% increase in the number of small-scale industries (SSIs) and medium-scale industries (MSIs) in the country respectively (NBS 2012: 23). On a spatial scale, this intense business multiplication being experienced in the country since the SAP in 1986 are manifesting in the form of new shop and business centre developments.

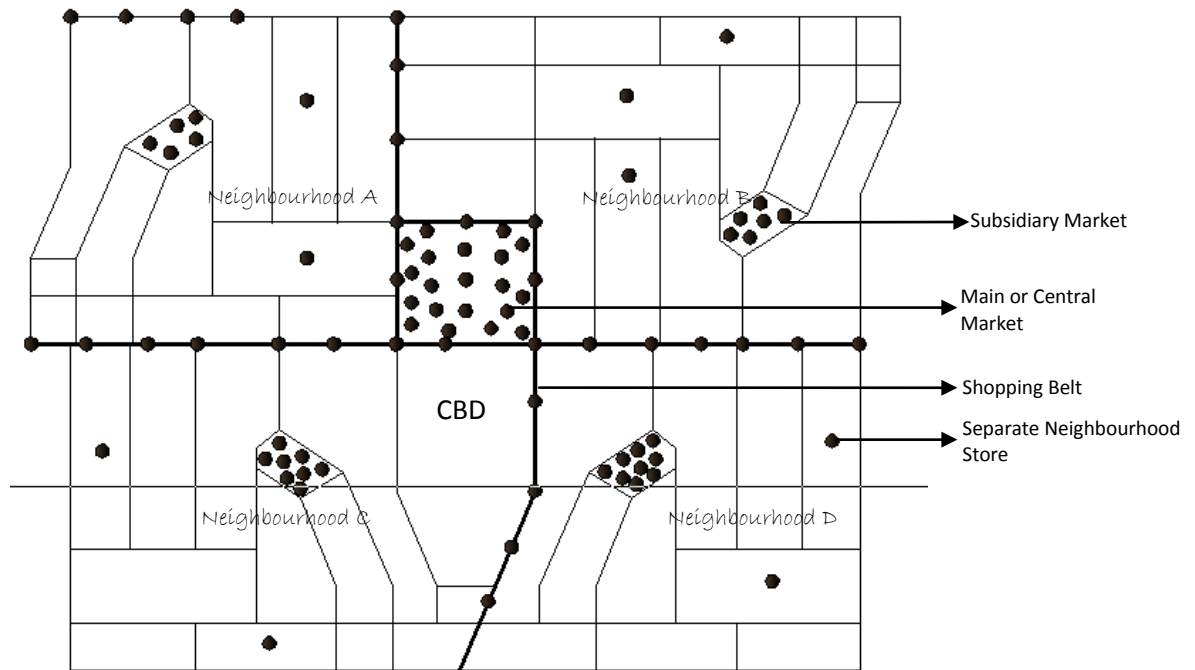


Figure 7.1 The four-tier urban retail hierarchy in Nigerian cities (Author's illustration, 2012).

Evidently, this admixture of commercial land uses in residential neighbourhood proceeded by gradual diffusion or contagion in environments where the socio-economic, house type, and spatial characteristics are favourable to their spread (see UNCHS/ILO 1995; Onyebueke 2000). Of particular note is the tenement or rooming apartment which allows for a flexible and alternative use adaptation. Consequently, the formerly distinct four-tier retail structure has given way, particularly in the worst affected neighbourhoods/districts, to a less distinctive multimodal business structure (see Figure 7.2). Undoubtedly, this changing business conformation has notable theory and practical implications for both urban planning and business development as we shall see in the subsequent sections.

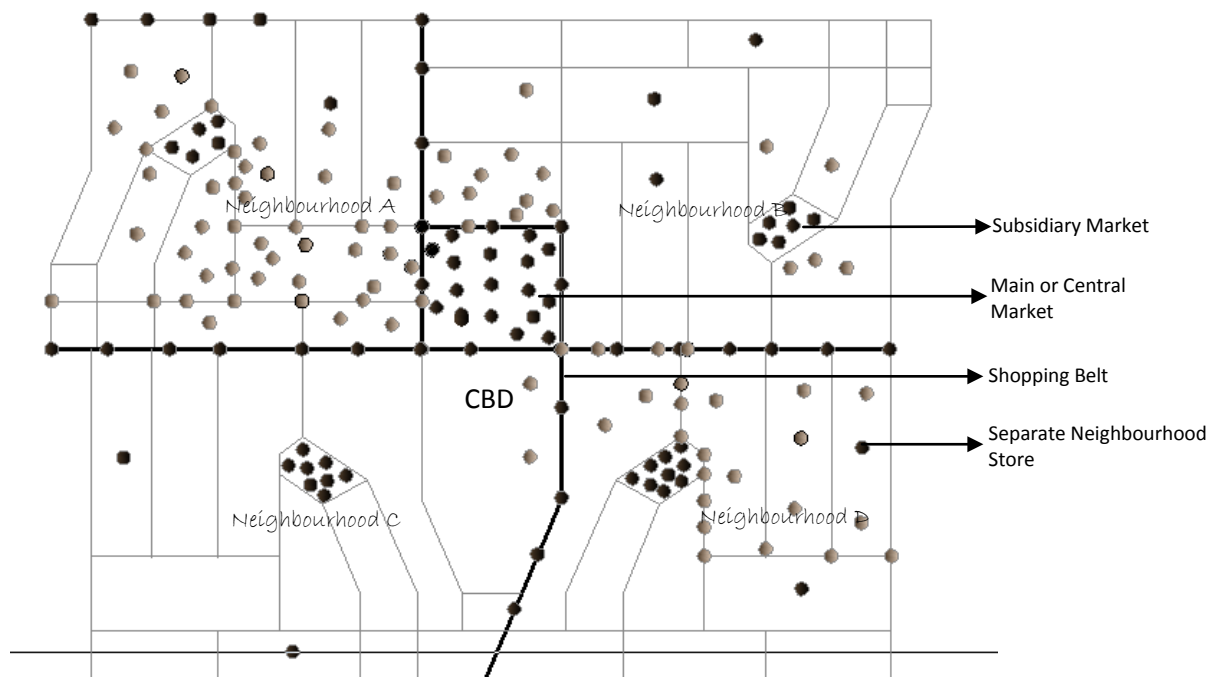


Figure 7.2 The emergent multimodal pattern due to contagion effect on nearby elements
(Author's illustration, 2012).

7.1.6 Policy and Programme Responses to the Informal Sector to date

In line with the sixth research objective, the study evaluated the policy/programme and planning responses to the challenges of the informal sector, and its linkages with the formal sector. National economic and industrial policies starting from the Import Substitution Strategy of the 1960 to the present day have generally shown a gross lack of political will in implementing laudable policies and programmes to their logical conclusion (Olukoshi 1991; Uche 1994; Iwuagwu 2011). Moreover, frequent regime changes throughout the country's political history made policy continuity and consistency very problematic. This seems to explain both the derailment of the Import Substitution Strategy, a detour which the First, Second, and Third National Development Plans (1962-1985) failed to correct till the imposition of SAP in 1986. The persisting incidence of undue import dependence does indicate that this particular policy thrust did not take root before its premature abandonment. The apparent success of progressively substituting imported industrial component with locally produced

substitutes has been noted in the development of India, China, and other Asian countries (Uche 1994; Iwuagwu 2011). We can therefore infer that the reinstatement of the import substitution programme in Nigeria is indispensable to developing stronger informal-formal sector linkages that are generative of sustainable endogenous development.

The Small and Medium Industries Equity Investment Scheme (SMIEIS) and most other public policies and programmes have little (if any) relevance for the informal sector. Even the Urban and Regional planning Law of 1992 made no specific provisions for informal economic activities beyond the statutory powers it conveys on the third-tier of government, the local government, to establish and manage markets, and motor parks. The consequences of these policy oversights are enormous since to many informal businesses, lack of space is virtually equivalent to lack of capital (Osoba 1986). And this is why the 2007 Cluster Concept of Industrial Development Strategy (CCIDS) can be seen as both timely and innovative in that it is the first time such an elaborate and inclusive industrial location plan has been conceived in Nigeria. Above all, the CCIDS unlike many other policies and programmes recognises the structural and spatial affinity between informal and formal sector businesses highlighted in this study. In a country with preponderances of spontaneous informal business clusters with obvious design and infrastructure/facility challenges, the CCIDS demands keen attention. According to Iwuagwu (2011: 20), the plan is quite suitable ‘the peculiarities of Nigeria’s business environment’ because it seeks “to address the challenges of the informal sector especially the artisans who constituted the backbone of whatever little industrial activity that remained within the country”. This captures some of the tenets of the Indian informal business development initiative as enshrined in NCEUS (National Commission for Enterprises in the Unorganised Sector) action plan.

7.2 RECOMMENDATIONS FOR INFORMAL AND FORMAL BUSINESS DEVELOPMENT IN URBAN NIGERIA.

Beyond its obvious benefits for theory building, what are the policy implications of substantiating the *entrepreneurial landscape* in a prototypical Nigeria city for urban as well as enterprise or industrial development? The conclusions of the first and second hypotheses of this study, which confirm Sanders' (1987) *proximity* and *generative* effects in informal and formal sector business location, show that the businesses under examination do exhibit identical responses to the same sets of incentives and targets. Simply put, pursuits for enabling environment necessary for optimal production, and expansion of market reach to ensure growth or solvency are basic to all businesses no matter their nature and size, although in reality many limiting factors do arise. As it stands in Nigeria, the overwhelming constraints with regards to the location and function of informal and formal business sectors in most cities are predicable on non-existence or inadaptation of policies and programme or both. This is especially in connection to urban land use and planning, on the one hand, and enterprise or industrial development, on the other hand.

The study results reveal substantial evidence in support of the 'spatial logic' of business informality, with its culmination in the concepts of housing for multiple uses (Laquian 1983) and home-based enterprise (Tipple 1993; UNCHS/ILO 1995; Tipple & Kellet 1997, 2005). At present, and as earlier mentioned, the existing urban land use and development control regulations in Nigerian cities do not guarantee the greater half of businesses (i.e., the informal businesses) suitable enabling environment (Omuta 1986; Simon 1992; Onyebueke 1998, 2000, 2001). According to Shamshad (2009) enabling environment for the informal sector entails three basic components: (i) a desirable legal environment; (ii) a desirable institutional environment; and (iii) a desirable work environment. Without such statutory rights and mandates, the sustenance or survival of these small businesses will continue to be at the whims and caprices of dubious city and planning officials as is currently the case. The inherency of the

emergent multi-nodality in the distribution of informal and formal businesses in Nigerian city calls for the inclusion of a two-dimensional response in future urban policies in the country. In the short terms, measures can be taken to ensure the three-pronged enabling environment for these businesses through the revision of development control regulations in line with the new right-based perspective to urban planning and management (see UN Habitat, 2008: 57). In the long, more concrete steps should be taken as was the case in the Warwick Junction market project in Durban (South Africa) and the Delhi Master Plan 2021 (India) to: (i) better organise informal businesses in designated and well-designed spaces within the cities; and (i) a resolution to include informal sector activity structures in city (re)development masterplans.

Closely related to the effort at making urban plans and planning more inclusive and adaptable for the benefit of all businesses (both informal and formal) is the urgent need to adopt the Cluster Concept of Industrial Development Strategy (CCIDS) of 2007 or the Cluster Concept for short. It is quite significant not only because the Cluster Concept of enterprise/industrial location would enable government to concentrate infrastructural facilities in designated locations for efficiency and cost-saving (Federal Government of Nigeria 2007) but also that its five operational features – Free Trade Zones; Industrial Parks; Industrial Clusters; Enterprise Zones; and Incubators – somehow streamlines the hitherto separate industrial policy silos and the levels of authority. From the Free Trade Zones in the vicinity of the air and seaports down to the Enterprise Zones and Incubators, the needs of diverse businesses such as infrastructure, skill deficiency, as well as funding and access to credit are factored into scheme. In a study of 11 enterprise clusters across seven African countries (Kenya, Uganda, Tanzania, Nigeria, Ghana, Mauritius, and South Africa), Zeng (2006: 6-7) attested to how the concomitant agglomeration effect enabled even small-micro enterprises to survive and succeeds through:

“...building up a supply-production-distribution value chain, acquiring knowledge and technology (both domestic and foreign) and disseminating and adapting them, building a relatively educated labour force, achieving collective efficiency through joint actions and cooperation, gaining government and institutional support (such as EU, World Bank and UN) in some cases.”

Another element of the Nigerian industrial policy worthy of mention is the erstwhile Import Substitution Strategy, and this is because of the consistently high import-dependency of the businesses recorded in the study. Consequently, due to a generally weak upstream and downstream relationship between them, the supply-production-distribution value chain was practically of little or no account. On the account of the fact that the country not only recorded a 254% growth in the number of medium and large businesses between 1960 and 1965 but also created the opportunity to locally produce the until then imported goods (Ajayi 2007), the strategy represent a good precept for the current import-dependent (or production-deficient) economy. The popular wisdom in most lagging economies is both to protect the vulnerable local enterprises and avoid becoming a dumping ground for cheap imports.

7.3 CONCLUSIONS AND AREAS FOR FURTHER STUDIES

We can deduce that informal sector businesses in urban Nigeria tend to cluster together as well as couch in adjacent positions to formal sector businesses. This is consistent with Sanders' (1987) proximity and generative postulation. Dewar & Watson (1990) and Dewar (2005) have attributed this agglomeration tendency in the informal sector to the spatial logic dictated by the small size of operation, which compels businesses to group together to boost their collective potentials and customer-drawing capacity. Nowhere are these traits so manifest as in the urban markets of Africa and other developing countries, which apart from serving other basic functions of mutual cooperation and shared benefits, represent “the only way in which very small operators can gain access to central, viable locations in the city” (Dewar & Watson 1990: 17). This is particularly true in urban Nigeria, where markets have been the most important

receptacle of informal businesses since pre-colonial times (Hodder & Ukwu 1969; Anthonie 1973; Onyemelukwe 1974; Sada & McNulty 1977). The intrinsic advantages these urban markets hold for informal entrepreneurs, and the over-powering pull effect they have on new business start-ups explains the vertical and horizontal expansion being experienced in the main and subsidiary urban markets. The other layers of the Nigeria retail structure such as the roadside shopping belts and discrete neighbourhood stores are also growing both in number and relative. The implication of this for the evolving business structure in Nigerian cities has been illustrated.

Furthermore, it is evident that economic growth and development is founded on a foundation of sound informal-formal linkages. This demands the attention of urban planning as well as development economist and players. Given that the global business evolution started from simple informal productive venture, it is not an overstatement to affirm that informal sector businesses do possess viable entrepreneurship potentials for endogenous growth. The concept of informal-formal sector continuum also supports this fact, which judging from the current evidence, is yet to be adequately appreciated in urban planning and development economics circles in Nigeria. However, the capacity to harness these potentials of building stronger and more productive informal-formal sector linkages in the country is hampered by a number of key factors, namely: (i) the high import-dependence of Nigeria's informal sector and the consequent urban-rural economy disconnect; (ii) inadequate financial and structural support (refer to de Soto 1989); and (iii) general lack of appropriate business-spaces with adequate facilities. The wisdom implicated here is that the abandonment of the import substitution strategy in the industrial development programme of country was too hasty and unwarranted. This widening gap between the agricultural and industrial sector in the country translates into what Turok (1987) termed the 'biggest policy failure'. Incidentally, a strong agriculture-industry interface has been advocated as an essential precept for strengthening the urban support system in secondary African towns (Geyer, Geyer & Du Plessis 2012).

In view of the general shortage of appropriate business-spaces with adequate facilities, the relevance of the CCIDS as a policy mechanism to harness the entrepreneurial potentials of the informal sector and ensure incubatory growth of businesses in Nigeria cannot be over emphasised. The feasibility of this industrial spatial strategy is born out the fact that: one, it represents a new and innovative way of integrating (or re-integrating) the informal sector into the rest of the economy; two, other nations with very large informal sector have adopted similar plans, for instance Zimbabwe's 1999 UNIDO and the 2021 Delhi Master Plan in India; and three, notable international best-practices of informal business accommodation already exist. For instance, the Warwick Junction Project in South Africa⁸³, the Malioboro Street Conservation Project in Yogyakarta, Indonesia; and the Chatuchak Weekend Market in Bangkok, Thailand (Shamshad, 2009). Another obstacle to this path of spatial consolidation for the informal sector that could guarantee some level of spatial relationship with the formal sector is found in the equivocal development control prescription of the Nigerian Urban and Regional Planning Law (NURPL) of 1992. Grounds of rejecting development approvals include: variance with an approved plan, and nuisance-generative activities with potentials to disturb the community and the environment. As a result of these legislative ambiguities informal businesses frequently face harassments, extortions, and forced evictions; and are denigrated as 'miscreants who want to deface the city' (Vanguard 2009). In any case, the prevailing laissez-faire or benign approach to informal sector location in Enugu and other Nigerian cities falls gravely short of acceptable urban planning standards, despite its liberal and philanthropic consequences. Explicit policy formulation and intervention in the form of informal sector master plan, which normally specifies spatial and construction standards, setback and sanitation regulation, financial obligations, as well as mutual agreements with the supervisory municipal

⁸³ The Warwick Junction Project is one of such projects that enjoy international recognition and has won several national (South African) awards for its design creativity and innovation in incorporating street traders into city plans. Some of those awards include: World Wildlife Fund South Africa for Urban Renewal in 2000; Heritage Award as listed building by the KwaZulu Natal Institute of Architects; and the NedBank's Green Trust Award (Urban Renewal Category) (Skinner 2008).

council (see Dewar, 2005; Ligthelm, 2005), is surely the better planning approach to the inevitable planning debacle or anomie that may result.

Although this articulation of the urban entrepreneurial landscape holds enormous potentials for explaining the spatial/structural linkages between the informal and formal business sectors relative to the point of departure, it may still be seen as a composite analysis with many generalisations. It is obvious that different categories of business tend to have dissimilar spatial attributes, often denoted by their respective *spatial mean centres* (Myint 2008). And so, by lumping all the businesses into two broad categories (informal and formal sectors) for the benefit of the spatial analysis, the current research not only glossed over the intrinsic spatial dispersion and clustering tendencies of different business categories but also discarded the opportunity to make useful comparisons between them. This is because Myint (2009) had established in his Norman, Oklahoma (USA) study that even though functional units comprising economic and business activities, in addition to social, cultural, and political activities are all 'space-forming', they often possess varying dispersion and clustering tendencies. In addition to exploring the changing pattern of the urban entrepreneurial landscape further periods in order to verify how it responds to variations in the economy and over time, future studies need to examine some of these locational intricacies by comparing and contrasting, for instance, the *spatial mean centres* and other collective features of different business categories. Furthermore, for the benefit of economic rigour, more detailed and specific studies on life cycle of particular business enterprises might be necessary to unravelling the intricate structures and dynamics of the urban economy, and indeed, the entire economy.

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PERSONAL COMMUNICATION

- Geyer HS 2012. PhD Supervisor and Director, Centre for Regional and Urban Innovation and Statistical Exploration (*CRUISE*) 'E-mail on (August 13 2012) about the correction'.

APPENDIX A: INFORMAL SECTOR QUESTIONNAIRE

UNIVERSITY OF NIGERIA & CRUISE,

STELLENBOSCH UNIVERSITY, SOUTH AFRICA.



Informal Sector Questionnaire:

Business Location: _____ Street between
 _____ Street and
 _____ Street

A. Demographic Profile

1. Are you the OWNER <input type="checkbox"/>		or an EMPLOYEE at this business? <input type="checkbox"/>	
2. Ethnic Group of owner/employee (Observe-DO NOT ASK)			
Igbo <input type="checkbox"/>	Hausa <input type="checkbox"/>	Yoruba <input type="checkbox"/>	Others <input type="checkbox"/>
3. What is your citizenship? Nigerian <input type="checkbox"/>		Non-Nigerian <input type="checkbox"/>	
4. If Non Nigerian, to which of the following nationalities do you belong?			
Sub-Saharan African <input type="checkbox"/>	Middle Eastern / North African <input type="checkbox"/>	Central Asian <input type="checkbox"/>	East Asian <input type="checkbox"/>
Western Europe <input type="checkbox"/>	Eastern Europe <input type="checkbox"/>	South America <input type="checkbox"/>	North America <input type="checkbox"/>
5. What is your age?		6. Gender (Observe – DO NOT ASK)	
Younger than 18 <input type="checkbox"/>	18 – 30 <input type="checkbox"/>	30 – 50 <input type="checkbox"/>	Male <input type="checkbox"/> Female <input type="checkbox"/>
Older than 50 <input type="checkbox"/>			
7. Do you have any dependants?			
<i>(that participant supports from earnings via this business/other employment/help from others)</i>		None <input type="checkbox"/>	One <input type="checkbox"/>
		Two <input type="checkbox"/>	Three <input type="checkbox"/>
Dependants = defined in this instance as a group of people who live in the same household, “eat from the same pot” and share a minimum of 3 meals four or more per week <input type="checkbox"/>			
8. Where do you live (in which area)?			
9. What is your level of education? / How far did you study? / Did you attend school?			
None <input type="checkbox"/>	Primary <input type="checkbox"/>	Some secondary <input type="checkbox"/>	Completed secondary <input type="checkbox"/> Tertiary <input type="checkbox"/>
10. Have you experienced any of following life circumstances in the last 6 months? (<u>List all options. Mark all applicable</u>)			
Loss of job/permanent employment <input type="checkbox"/>	Retirement <input type="checkbox"/>		
Loss of crop/business failure <input type="checkbox"/>	Household break in <input type="checkbox"/>		
Marital separation/divorce <input type="checkbox"/>	Other major intra-family conflict <input type="checkbox"/>		
Major personal injury or illness <input type="checkbox"/>	Violence <input type="checkbox"/>		
Armed conflict/war <input type="checkbox"/>	Death of spouse <input type="checkbox"/>		
Death or major illness of other close family <input type="checkbox"/>	Other major stress <input type="checkbox"/>		
Wedding of family member <input type="checkbox"/>	New job <input type="checkbox"/>		
Birth in the family <input type="checkbox"/>	separation from family <input type="checkbox"/>		
Unavailability of food <input type="checkbox"/>			

B. Product Profile**11. What products do you sell/services do you provide?****PRODUCTS**

Fresh produce (e.g. vegetables, fruit, meat)		Processed foods (canned, packaged, boxed e.g. chips, sweets)	
On-site food preparation (take away foods)	<input type="checkbox"/>	Soft drinks	<input type="checkbox"/>
Alcoholic beverages	<input type="checkbox"/>	Fuel & light (e.g. paraffin, matches)	<input type="checkbox"/>
Traditional medicines	<input type="checkbox"/>	Modern medicine (e.g. pills, tables, Pharmaceuticals)	<input type="checkbox"/>
Cigarettes and tobacco	<input type="checkbox"/>	Washing and cleaning items (e.g. washing powder, tile cleaner)	<input type="checkbox"/>
Personal care (e.g. shampoo, soap, make-up)	<input type="checkbox"/>	Books and stationary	<input type="checkbox"/>
Flowers	<input type="checkbox"/>	Clothing and footwear	<input type="checkbox"/>
Accessories (e.g. bags, belts, hats)	<input type="checkbox"/>	Toys	<input type="checkbox"/>
Arts and crafts	<input type="checkbox"/>	Other	<input type="checkbox"/>

SERVICES

Personal care (i.e. hairdressers)	<input type="checkbox"/>	Medical	<input type="checkbox"/>
Shoe care	<input type="checkbox"/>	Cleaners	<input type="checkbox"/>
Electronic equipment repairs	<input type="checkbox"/>	Telecommunication (GSM)	<input type="checkbox"/>
Car repairs and services (e.g. car washers)	<input type="checkbox"/>	Other	<input type="checkbox"/>

MANUFACTURING/PRODUCTION

Building/Construction goods	<input type="checkbox"/>	Arts and crafts	<input type="checkbox"/>	Other	<input type="checkbox"/>
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C. Physical Characteristics of Informal Business**12. What type of furniture/hardware do you use:**

Ground sheet/Sail/Blanket on pavement	<input type="checkbox"/>	Boxes/Crates	<input type="checkbox"/>	Store/Pavilion/Table	<input type="checkbox"/>	Bicycle, trolley or cart	<input type="checkbox"/>
Motor-vehicle	<input type="checkbox"/>	None	<input type="checkbox"/>	Other	<input type="checkbox"/>		

13. Type of coverage/structure:

Umbrella	<input type="checkbox"/>	Gazebo/Semi-Permanent	<input type="checkbox"/>	Permanent structure	<input type="checkbox"/>	Motor-vehicle	<input type="checkbox"/>
Bicycle, trolley or cart	<input type="checkbox"/>	Containers	<input type="checkbox"/>	Other	<input type="checkbox"/>	None	<input type="checkbox"/>

14. Do you need water and electricity at your stand? Yes No **15. Do you have access to the following utilities:**

Water	<input type="checkbox"/>	Electricity	<input type="checkbox"/>	Ablution (Toilet/washing) facilities	<input type="checkbox"/>	None	<input type="checkbox"/>
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16. What was your primary reason for starting this business?

To increase income	<input type="checkbox"/>	Involvement in a family business	<input type="checkbox"/>
Unemployment	<input type="checkbox"/>	To seize business opportunity (entrepreneurship)	<input type="checkbox"/>
To work from home	<input type="checkbox"/>	Other: (specify)	<input type="checkbox"/>

D. General Business Profile**17. How long has this business been in operation?**

Less than 6 months	<input type="checkbox"/>	Between 6 months and 1 year	<input type="checkbox"/>	Between 1 and 2 years	<input type="checkbox"/>
Between 2 and 5 years	<input type="checkbox"/>	More than 5 years	<input type="checkbox"/>		

18. How many businesses do you have?

One	<input type="checkbox"/>	Two	<input type="checkbox"/>	Three or more	<input type="checkbox"/>
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19. Do you have any other means of income? Yes No

20. If Yes, please specify

Other permanent employment Other self employment Government grant Other support (i.e. family or friends)

21. Did you choose this (specific) location or was it allocated to you? I chose it It was allocated to me

22. If you chose this location, what was your primary reason?

It is close to my clients It is close to my residence It was the only place available
The size of the client base Proximity to transport nodes Other

23. Are you at the same location on a daily basis or do you move around?

Same location Different location

24. What time of the month do you do business? (Mark all applicable options)

Week 1 Week 2 Week 3 Week 4

25. Which days of the week do you do business? (Mark all applicable options)

Monday Tuesday Wednesday Thursday

26. What are your business hours? (Mark all applicable options)

Before 7am Between 7am and 9am Between 9am and 11am
Between 11am and 3pm Between 3pm and 5pm After 5pm

E. Economic Profile

27. Were funds obtained to start the informal business? Yes No

28. If yes, where did you get the money to start your business?

Savings (owner and household members) Loan from relative or friend
Loan from bank or other formal financial Institution Government institution for financial support to micro-businesses
Retrenchment payment Manufacturer/Supplier of merchandise
Development institution Other
Loans from informal organization

29. How much money did you use to start your business?

Less than ₺5,000 ₺5,001 - ₺10,000 ₺10,001 - ₺20,000 ₺20,001 and more

30. Which of the following bank facilities do you use for business purposes?

None Formal banking Informal (i.e. money lender)

31. How many people are employed or assist in the business?

One Two Three or more

F. Operating Characteristics**32. What do you do with the products you sell (after closing time)/ Where do you store it?**

I store it on site, with security I store it one site, without security
I store it in adjacent formal shops I store it in lock-up storage facilities
I take my products home Others

33. What mode of transport do you use to transport the products you sell?

Own private transport Train Bicycle Taxi
Bus Private transport (excluding taxi) Walk/push trolley Other

34. What is the most serious problem experienced by your business?

- | | | | |
|---|--------------------------|--|--------------------------|
| Problem is maintain stock levels | <input type="checkbox"/> | Competition from other informal businesses | <input type="checkbox"/> |
| Unavailable of transport | <input type="checkbox"/> | Insufficient structure/shelter | <input type="checkbox"/> |
| Insufficient service from suppliers | <input type="checkbox"/> | Insufficient infrastructure (e.g. water, waste bins) | <input type="checkbox"/> |
| Cash flow problems | <input type="checkbox"/> | Location of business | <input type="checkbox"/> |
| Unavailability of equipment | <input type="checkbox"/> | Other | <input type="checkbox"/> |
| Unavailability of funding sources to support start up and expansion of business | <input type="checkbox"/> | (Specific) | <input type="checkbox"/> |

35. What is the most important way to improve your business?

- | | | | |
|--|--------------------------|-------------------------------------|--------------------------|
| Ability to maintain sufficient stock | <input type="checkbox"/> | Improvements to structure/shelter | <input type="checkbox"/> |
| Availability of financial assistance | <input type="checkbox"/> | Access to more affordable transport | <input type="checkbox"/> |
| Availability of basic service (i.e. water) | <input type="checkbox"/> | Basic Management skill | <input type="checkbox"/> |
| Improve security | <input type="checkbox"/> | Other | <input type="checkbox"/> |
| Competitive pricing | <input type="checkbox"/> | (Specify) | |
| Availability of better equipment (i.e. Refrigerator) | <input type="checkbox"/> | | |

36. How many customers do you serve per day?

- Less than 10 11 – 20 More than 20

37. How much does a customer spend on average during a visit to your business?

- Less than ₦100 ₦101 – ₦200 ₦201 – ₦500 ₦501 – ₦1000
 More than ₦1001

38. From what kind of suppliers do you purchase your merchandise? (Mark all applicable options)

- | | | | | | |
|-------------------------------|--------------------------|------------------------------|--------------------------|-------------------|--------------------------|
| Import | <input type="checkbox"/> | Manufacturer | <input type="checkbox"/> | Other retailers | <input type="checkbox"/> |
| Wholesale (within Nigeria) | <input type="checkbox"/> | Wholesaler (Outside Nigeria) | <input type="checkbox"/> | Producers/farmers | <input type="checkbox"/> |
| Supermarket/hypermarket | <input type="checkbox"/> | Fresh produce market | <input type="checkbox"/> | Hawkers | <input type="checkbox"/> |
| Self-produced (fresh produce) | <input type="checkbox"/> | Self manufactured | <input type="checkbox"/> | Others | <input type="checkbox"/> |

39. Do you belong to a Trade Association? Yes No

G. Relationship with Other Business

40. How do you feel about informal business in your area in term of the following?

- | | Positive | Neutral | Negative |
|---|--------------------------|--------------------------|--------------------------|
| Relationship with neighbouring business | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Other cultures | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Competition | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Business methods | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Crime | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

41. How do you feel about informal business in your area in term of the following?

- | | Positive | Neutral | Negative |
|---|--------------------------|--------------------------|--------------------------|
| Relationship with neighbouring business | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Other cultures | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Competition | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Business methods | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

H. Perceptions of Surroundings

42. How do you feel about your surroundings? (Do not list options)

	Positive	Neutral	Negative		Positive	Neutral	Negative
Buildings	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	People	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Greenery	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Infrastructure facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Traffic	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Shops	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sidewalks and paved areas	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

43. What is your opinion of the following elements in your surroundings? (List all options)

	Positive	Neutral	Negative		Positive	Neutral	Negative
Litter	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Odours (i.e. urine)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cleanliness	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Conditions of sidewalks	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Conditions of hard landscaping (e.g. Paving)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Soft landscaping (e.g. Trees, plants)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Noise	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Facade of buildings and signage	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Presence/condition of street lights	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Visibility/presence/condition of Street names	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Visibility of police men	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Upgrading/New developments	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Maintenance of buildings	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Domestic animals and livestock	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Graffiti	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Refuse removal	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sewerage systems	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Storm water drainage	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Traffic	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Parking	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Taxis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Crowding	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Crime	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

44. PRESENCE OF PEOPLE: (List all options)

	Positive	Neutral	Negative		Positive	Neutral	Negative
Informal traders	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Loiterers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Beggars	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Business professionals (white Collar workers)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Tourists	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Police	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Security guards	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

APPENDIX B: FORMAL SECTOR QUESTIONNAIRE



UNIVERSITY OF NIGERIA & CRUISE,
STELLENBOSCH UNIVERSITY,
SOUTH AFRICA.

Formal Sector Questionnaire (CBD):

Business Location: _____ Street between

_____ Street and
_____ Street

1. Nationality/Ethnicity.....			
2. How long has this business been in operation?			
Less than 5 years.	<input type="checkbox"/>	Between 5 and 10 years.	<input type="checkbox"/>
		More than 10 years	<input type="checkbox"/>
3. If your business has been operational for more than 10 years, have your types of clients changed during this time?			
Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
4. Did you specifically choose to locate			
Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
5. Would you relocate elsewhere if you had the opportunity?			
Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
6. If yes, where to? (The CBD or Central Business District in Enugu comprises of parts of Okpara Avenue and Ogui Road)			
To another location in the CBD	<input type="checkbox"/>	To the CBD fringe	<input type="checkbox"/>
To a suburban centre	<input type="checkbox"/>	To a corridor	<input type="checkbox"/>
To another town / city	<input type="checkbox"/>		
7. How do you feel about the business climate in the <u>CBD</u>?			
Optimistic	<input type="checkbox"/>	Average	<input type="checkbox"/>
		Pessimistic	<input type="checkbox"/>
8. How do you feel about the following aspects of the informal sector (<u>List ALL options</u>):			
	Positive	Neutral	Negative
The informal sector (in general)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Their business methods	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Their products	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Their client base	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The environment they create	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The informal sector as competition	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Do you regard any area in the central city to be unsafe?			
Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
10. If yes, which parts?			

11. What is your opinion of the following elements of the CBD in your area (NB: List ALL options!):

	Positive	Neutral	Negative	No Opinion
Litter	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Odours (i.e. urine)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cleanliness	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Conditions of sidewalks	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Conditions of hard landscaping (e.g. Paving)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Soft landscaping (e.g. Trees, plants)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Noise	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Façade of buildings and signage	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Presence/condition of street lights	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Visibility of security cameras	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Upgrading/New developments	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Maintenance of buildings	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Domestic animals and livestock	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Graffiti	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Refuse removal	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sewerage systems	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Storm water drainage	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Traffic	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Parking	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Taxis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Crowding	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Crime	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Electricity supply	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Water supply	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Client-related matters	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

12. Indicate the general presence of the following people:

	Yes	No
Informal traders	<input type="checkbox"/>	<input type="checkbox"/>
Loiterers	<input type="checkbox"/>	<input type="checkbox"/>
Beggars	<input type="checkbox"/>	<input type="checkbox"/>
Business professionals (white collar workers)	<input type="checkbox"/>	<input type="checkbox"/>
Tourists	<input type="checkbox"/>	<input type="checkbox"/>
Police	<input type="checkbox"/>	<input type="checkbox"/>
Security guards	<input type="checkbox"/>	<input type="checkbox"/>

APPENDIX C: INSTITUTIONAL LETTER OF REFERENCE

UNIVERSITY OF NIGERIA

Telegram: Nigersity Enugu

OUR REF:

YOUR REF:



Dept. Of Urban & Regional Planning
Faculty of Environmental Studies
Enugu Campus
Enugu State
Tel: 042-452397

Date : 1st September , 2010.

TO WHOM IT MAY CONCERN

Dear Sir,

RE: ONYEBUEKE VICTOR

The Bearer is an academic staff in the above-mentioned Department and University with Staff Number UNP/SS. 5300. **Mr. Onyebueke** is researching on his Doctorate Degree in the Faculty of Geography and Regional Planning, Stellenbosch University, Matieland, South Africa.

The title of his dissertation is: POLICY IMPLICATIONS OF THE SPATIAL AND STRUCTURAL RELATIONSHIPS OF THE INFORMAL AND FORMAL BUSINESS SECTORS IN URBAN NIGERIA: THE CASE OF ENUGU (1990-2009).

Please accord **Mr. Onyebueke** all the necessary assistance.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'J.U. Ogbazi'.

Prof. J.U. Ogbazi
HOD, Dept. of URP
University of Nigeria
Enugu Campus (UNEC).