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Transport operations and sustainable development in the informal economy: The case of commercial motorcycles in Ibadan

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1. Introduction

In the past couple of decades, commercial motorcycles have emerged as part of the informal collective transport system in many Nigerian cities to meet the demand fostered by the perennial conditions of traffic congestion and by the lack of organized public transport. Residents' demand for penetrating transport modes have been particularly critical given the magnitude of the urban sprawl phenomenon in several cities. Motorcycles are micro unit machines; as such, their flexibility and manoeuvrability give them an edge on congested roads with snarling traffic conditions. Such conditions have unfortunately become common in the Nigerian city transport scene.

On one hand, deficient road infrastructure coupled with unplanned settlements characterized by difficult access routes, have created the demand for motorcycle use. On the other hand, the supply of commercial motorcycle operators appears to have been propelled from some units in the informal sector. Such units include small scale manufacturers, printing, technical service providers, building and construction, cyber cafe operators and some agricultural activities. Poor access to physical infrastructure (especially electric power) and credit appears to have dampened output for those engaged in production and some service units, making turnover unpredictable and profits unstable. Many activities requiring these support systems have therefore lost personnel to the motorcycle business which requires no elaborate infrastructure support or skill learning and also assures daily earnings, no matter how meagre. The concern of the study therefore is to investigate the migration of informal sector actors into commercial motorcycle operations, highlight activity sectors witnessing labour loss and attrition in the informal economy and discuss the implications of these on human capital formation and on the city's informal economy.

1.1. Research setting

Ibadan is the third largest metropolitan area in Nigeria after Lagos and Kano with a population of 3.5 million ([Geographical database, 2012](#)). It is the capital city of Oyo state, situated in the south west geopolitical zone of Nigeria. Main economic activities in the first half of the 20th century were trading (40%), agriculture (37%), craft and government administration, with craft having a greater share than

government administration.

A major change in the second half of the twentieth century was the reduction in agricultural activities especially within the city (the five local government areas constituting Ibadan urban). Farmlands and forest reserves gave way to built-up areas. This was attributed ([Laurent, 2003](#)) to a major occupational shift from agriculture to craft (for men) and trading (for women). The study by [Laurent \(2003\)](#) on Ibadan shows that more than 70% of active women were involved in trading activities, whereas the craft and industry sectors became the major employers for men. This shift was explained by the development of small scale craft and trade following the implementation of the Structural Adjustment Program (SAP) in 1986. In recent times, agriculture, wholesale and retail trade appear to be the most dominant sectors in the city.

With respect to urban planning, Ibadan city has been characterized by uncoordinated physical growth and the development of spontaneous settlements. Such features are often associated with a lack of infrastructure provision, including access roads. Moreover, organized public transport systems are far-fetched given untamed growth of the city and consequent intrusions into transport networks. Intra-city mobility therefore becomes hampered due to poor planning and inefficient land use. These fundamental challenges posed by poor city planning are some of the factors which have fuelled the emergence of para-transit modes generally and motorcycles specifically as dominant transport modes in the city scene.

1.2. Study objectives

The overall objective of the study is to examine occupational mobility from activities in production, technical services and distributive trade sub sectors of Ibadan's informal sector into commercial motorcycle operations, with a view to drawing implications for human capital formation in the informal sector and proffering policy measures for reversing the trend. More specifically, the study seeks to:

- Identify and explain the factors responsible for skill migration from other activity units into commercial motorcycle operations.
- Determine sub sectors experiencing skill loss to commercial motorcycle operations

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- Examine the viability and prospects of existing apprenticeship systems in Ibadan's informal sector.

2. Methods

2.1. Sampling

Ibadan consists of eleven local government areas, five in the urban area and six in the semi urban area. Commercial motorcyclists included in the survey sample were chosen from two local governments each in the urban and semi urban areas. The sample consists of one hundred and fifty motorcyclists from each of four local governments. To achieve proper spread, the following local government areas were chosen.

- Ibadan North
- Ibadan South West
- Akinyele
- Iddo

The total number of motorcyclists included in the sample were 605. Representing about 0.6¹ percent of the registered motorcyclists in the selected LGAs. The spread of the sample over urban and peri-urban areas augurs well for representativeness. Snowballing from the questionnaire survey of motorcyclists, Focus Group Discussions (FGDs) were conducted with plank sellers, auto mechanics and textile weavers. These groups were chosen based on the responses obtained (from motorcyclists) on previous/or supplementary activity in which they were engaged.

Interview sessions were conducted with the heads/representatives of motorcyclists in the various units where questionnaires were administered. A total of ten interview sessions were held. The sessions were spread across the four LGAs in which the questionnaire survey was carried out. There was also an interview session with an officer at the Federal Road Safety Commission, Eleyele, Ibadan.

2.2. Data analysis

The analyses conducted include

- A trend analysis of motorcycle registration in Oyo state, which provides a background for analysis of the survey data.
- A descriptive analysis of respondents' socio-economic characteristics, the reasons for migrating into commercial motorcycle business and their satisfaction levels with the business.
- A description of pattern of human capital shifts from other informal sectors into commercial motorcycle operations and related skill loss. Using a content analysis of the FGD and IDI output, the net rate of labour/skill loss is described for the most affected activities. The output also provides information used to describe the viability of existing apprenticeship schemes.

3. Theory and literature survey

3.1. Theoretical issues

3.1.1. Human capital shifts

The concept of human capital shifts, exemplified in the 'Brain Drain' syndrome appears the most appropriate theoretical underpinning for this research. Human capital is defined as the stock of competencies, knowledge, social and personal attributes, including creativity, embodied in the ability to perform labour so as to produce economic value (Becker, 1994). It is a measure of the economic value of an employee's

skill set. It has been observed that the battle for efficiency and competitive advantage in the present era of global competition is hinged decisively on human resources. As noted by Asghar and Siddi (2008), the rate of human capital formation will be more important than the rate of physical capital formation in the present race for economic development and growth among nations in a knowledge based global economy.

Conceptual reasoning around human capital shifts have been mostly at the level of international skilled migration. We downsize the principles behind this reasoning and draw parallels to explain the issues addressed in this research. Developing nations of Africa, Asia and Latin America are major source countries for international skilled labour migration into Organization for Economic Cooperation and Development (OECD) countries. On the international labour migration scene, migrants have experienced difficulties finding jobs commensurate with their qualifications (Chaloff & Lemaître, 2009). This implies that such migrants take up jobs at levels much lower than what their skill set can offer based on their professional qualifications. This phenomenon leads to brain drain in source countries and to brain waste in destination countries.

On the international scene, the shift from more qualified to less qualified work is propelled by push factors such as poor socio-economic conditions, unemployment, drops in real income, tribal/ethnic discrimination as well as political conflicts in home countries. Theoretically, better pay packets, better working conditions and advancement opportunities are the pull factors which influence the migration of skilled labour. When the pull factors are in play, the process of labour migration ensures the smooth operation of an economy and in many cases allows individual workers improve their productivity and job satisfaction. However, when labour migration results from push factors, the outcome often results into underemployment, which then amounts to brain drain and brain waste in the origin and destination respectively. Push factors, as noted by Kuzvinetsa, 2003 increase 'migration pressure' and induce undirected migration.

Put differently, push factors lead labour migrants into desperation, so that migration decisions are less focused on a deliberate target for productive skill exercise. Rather, they are more concerned with exiting their present predicament which is bedevilled by constraints. Moscarini's frictional Roy model (2001) further provides a theoretical foundation for this aspect of the study. He theorizes that when unemployment rises and job offers are slower to materialize, workers pay less attention to locating in the specific occupations which are best suited to their skills and focus more on remaining employed. Translating this theory to the present study, we posit that when challenges of infrastructure are increased for SMEs and customer patronage declines, skilled workers in the informal economy pay less attention to specific occupations best suited to their skills and focus on sub sectors providing more regular earnings.

At a domestic level, occupational mobility is observed as a prime means for the economy to adjust to new demand conditions. Thus, relatively free movement of workers between occupations can be beneficial for both the individual and the economy especially when receiving sectors provide opportunities for skill exercise. Izamoje (2011) observed high mobility in Nigeria's Small and Medium Organisations (SMOs) but attributes it largely to push factors of inadequate access to finance, inadequate infrastructure and low capacity for competition, among other challenges.

The factors at play which lead to human capital shifts within domestic territories are very similar to what obtains in international skilled migration. Poor turnover and deficient infrastructure support are key factors pushing informal sector workers from more qualified to less qualified work in Nigeria. The pull factors in commercial motorcycle operation are the small capital outlay required and assured daily earnings from the business. The enabling environment for sustained demand for commercial motorcycle services is provided by the fact that city and transport plans are inherently deficient. Given that organized

¹ This proportion falls short of, but comes to over half of the recommended 1% sample size for large populations.

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