

Theorisations of Informal Economy towards A 4-Point Informal Non-Oil Export Construct Model In Nigeria

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Abstract

The study, theorizations of informal economy towards a 4-point informal non-oil export construct model in Nigeria examined concept of informal economy, categories of informal economy, concept of informal non-oil export, markets, loading points and corridors of informal non-oil export in Nigeria, theorizations of informal economy as it relates to informal non-oil export and empirical findings of non-oil export model. The study recommends a 4-point informal non-oil export construct model which are satisfaction of basic needs, over-regulation of formal export, activities of unpatriotic government officials and desperation to own a business.

1 Introduction

Despite the risks involved with informal non-oil exporting and supposed better attractions in formalizing their activities through Nigerian Export Promotion Council, the operations of informal non-oil export marketers have continued to grow in Nigeria. Evidence in the literature indicates increasing research interest in the overarching area of informal economy (Gerxhani, 2004; Hussmanns, 2005). These studies suggest conflicting role of informal economy both at micro and macro levels. Chambwer and Magregor (2010) reported that in many developing economies, job creation has mainly taken place in the informal economy where above 60 percent of workers find income opportunities. Informal economy creates employment and operators can implement appropriate strategies to exploit opportunities streaming from weakness in trade and economic policies (Feige and Urban, 2008). On the other hand, a large informal sector can pose problems for policy makers and the overall economic development of their country. Organisation of Economic Cooperation and Development (2004) reported that a large informal sector could indeed deprive government of needed tax revenue which could be reinvested into infrastructure development and other national development priorities. It could influence the development of economic policy objectives by skewing the reliability of data, breed a culture of corruption in public administration and hinder further investment in local (formal) SMEs, which constitute the major part of the private sector in developing countries and are key to economic development and growth.

The theorizations of informal economy looked at the various theoretical approaches of informal non oil exporting behaviour. These are structuralist theoretical approach which view informal non-oil export as a survival strategy in the absence of alternative options and are engaged in it because of financial reward. The neo-liberalist are widely assumed to also be necessity driven, pushed into informal export as a survival strategy, while the post-structuralist approach view informal export venture out of choice, such as their wish to be independent or own a business. The observed gap in literature was that in sub-sahara Africa, informal exporting were necessity driven, while developed economies are mostly post-structuralist, such as wish to be independent or own their own business. The conceptual theorizations was a combination of the structuralist, neo-liberal and post-structuralist theories designed to fill the knowledge gap. The aim of incorporating the three approaches was to show their complementary combination towards the theorisations of informal non-oil exporting behaviour in Nigeria.

2.1 Concept of Informal Economy

The Informal economy became popular in the 1970s and since that time has been amended and improved to include a diverse array of types and forms of informality. For many years there was no global consensus on the definition of the informal economy. Indeed, to date three contrasting types of definition have been used, namely enterprise, jobs and activity - based definitions (Williams, 2009). Nowadays international scientists and organizations came nearer to universally accepted definitions. However, on the basis of the examined literature

on the definitions of the informal economy, the conclusion can be made that there are two main definitions: by OECD and ILO. So the vast majority of existing definitions in most relevant sources belong to either to OECD camp (mostly European authors) or to ILO camp (mostly third world authors). No other relevant comprehensive approaches to defining the informal economy were found.

Therefore it will be appropriate to divide this section into two parts;

1. ILO enterprise-job - based definition 'camp' (International Conference of Labour Statisticians,1993; Chen,2007; Husmanns, 2005).
2. OECD activity - based definition camp (OECD, 2004; Schneider,1997; Sepulveda and Syrett, 2007).

ILO Enterprise - Job - Based Definition 'Camp'.

One of the most widely - used definitions of the informal economy belongs to the ILO. Its evolution was traced in the Decent Work and the Informal Economy Report (ILO, 2002). According to this report, the concept of the 'informal sector' was first popularized by the ILO in the 1970s. It was used to refer mainly to the survival activities of those working in the marginal or peripheral segments of the economy.

The 1991 Report of the Director-General to the International Labour Conference defined the informal sector as very small-scale units producing and distributing goods and services and consisting largely of independent, self - employed producers in urban areas of developing countries, some of whom also employ family labour and or a few hired workers or apprentices; which utilize a low level of technology and skills. This description failed to capture the various forms of informality and informalisation that have since grown in significance (ILO, 2007).

In 1993, the 15th International Conference of Labour statisticians adopted an enterprise approach to definition of the informal sector. According to 15th ICLS, employment in the informal sector comprises all jobs in informal sector enterprises, or all persons employed in at least one informal sector enterprise, irrespective of their status in employment. This definition was criticized for the different reasons among which was its inability to capture all aspects of the increasing informalisation of employment. For example, it excludes households employing paid domestic workers from the informal sector that is included by the 17th ICLS.

At the 2002 International Labour Conference the broader term 'informal economy was proposed instead of informal sector. It included the considerable diversity of workers and economic units, in different sectors of the economy. The informal economy was defined as 'all economic activities by workers and economic units that are - in law or in practice - not covered or insufficiently covered by formal arrangements (ILO, 2002). OECD Activity - Based Definition Camp. Organization of Economic Cooperation and Development (OECD) noticed an absence of a strict definition of the informal economy and the existence of different approaches to defining the subject matter. They have noticed the co-existence of two major definitions: Undeclared work and informal economy. The latter is preferred for use in developing countries (OECD, 2004).

The above reflections drew the OECD to determine two spheres of interest. First is what they call 'core' definition of the informal economy. It consists of:

- i. Wholly undeclared work (employment status and earnings are concealed in collusion with the employer).
- ii. Under-declared work (employee's status is declared, part of earnings concealed in collusion with employer).
- iii. Black market work (work in a secondary job with earnings concealed in collusion with the purchaser).
- iv. Purely informal employment (no concealment, because no requirement to declare employment or earnings).

Second is the broad definition of the informal economy. It consists of the core definition and is enhanced by including following phenomena into the study:

- i. Pure tax evasion on earnings that include self - employment; earnings are concealed from tax authorities, but not in collusion with the purchaser.
- ii. Employment in illegal production - is concealed production, sale and consumption with typical employment status- employee or self-employed; this is included to GDP, but typically not published.
- iii. Employment in household production of goods (included to GDP) and services (not included to GDP) for own use.

- iv. Social security fraud, VAT fraud, pilfering, theft, extortion, these are quite influential factors, though they may appear on any level with any employment status and are hard to measure (OECD, 2004).

A number of authors employ an activity - based definition of the informal economy similar to the OECD. Thus, Pavlovskaya (2004) created "spheres of dichotomies", from which components of the informal economy can be identified. She divided the informal economy into sectors distinguished by whether they are state or private, monetized or non- monetized. The definition of Pavlovskaya correlates the broad definition of the informal economy by the OECD. In addition, the author included a monetization/non-monetization parameter to the characteristics of the informal economy. The notion is also considered by Smith and Stenning (2004) using the term reciprocity, economy of regard, arranging of matters. They argue that the informal economy under emergent capitalism represents a form of self-exploitative social relations, appropriating one's own labour to sustain a livelihood, often in conjunction with other economic practices (Smith and Stenning 2004).

One more interesting point related to the informal economy is the work of Smith and Stenning (2006) is the phenomenon of the multicoloured economy. The authors differentiate economic practices into those involving market relations, those involving non-market relations and those concerning alternative market relations, similar to Gibson - Graham {2006}.

Sepulveda and Syrett (2007) agree with Schneider (2002) that the informal economy includes both illegal and legal activities, monetary and non-monetary transactions (this is similar with the broad definition by the OECD). Legal activities include unreported income from self employment, wages, salaries and assets from unreported work related to legal services and goods (monetary); fringe benefits, barter of legal services and goods, all do-it-yourself work and goods, all do-it-yourself work and neighbour help (non -monetary).

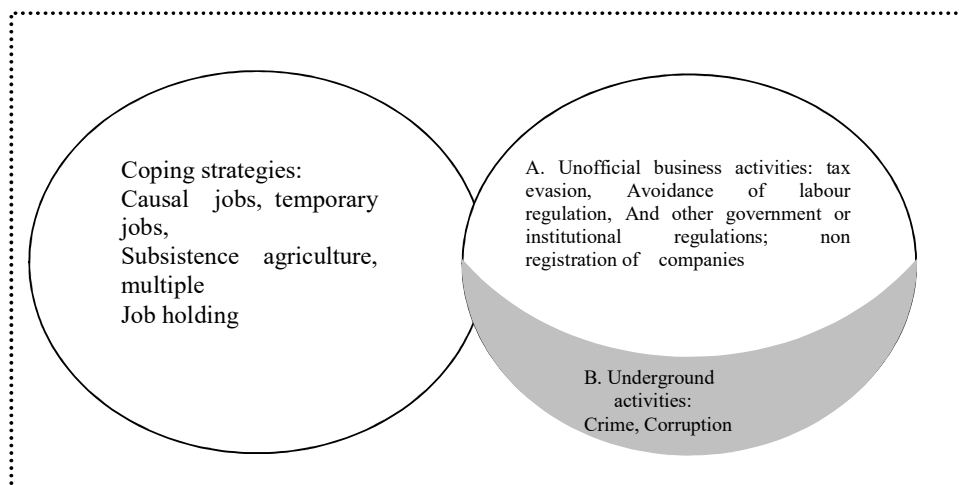
Williams and Renooy (2009) used one of the most widespread definitions from OECD Handbook 2002 (OECD, 2002), where it is defined as all legal production activities that are deliberately concealed from public authorities to avoid the following:

- i. Payment of income, value added or other taxes;
- ii. Payment of social security contributions;
- iii. Having to meet certain legal standards such as minimum wages, maximum hours, safety or health standards etc.
- iv. Complying with certain administrative procedures, such as completing statistical questionnaires or other administrative forms.

Smith (2009) agrees with Schneider and Erste (2000) who employed an activity-based approach and defined the informal economy as unreported income from the production of legal goods and services, either from monetary or barter transactions, hence all economic activities that would generally be taxable were they reported to the tax authorities. This definition is also similar to the OECD definition. In this research, the intention is to adopt the OECD approach to defining the informal economy and therefore to use the activity-based definition which defines such activities as any paid activities that are lawful as regards their nature but not declared to the public authorities (Williams and Renooy, 2009). Thus the scope of the research excludes prostitution, human trafficking and harmful illegal goods such as Indian hemp, cocaine, among others,

2.2 Categories of Informal Economy

The International Labour Organization (ILO) describes the informal economy as falling into two rough categories: coping strategies (survival activities) and unofficial earning strategies (illegality in business), the later including both unregistered and criminal activity. While there are some overlap between the two categories much of the informal economy remains completely legal and accepted by government [ILO,2002].



Categories of Informal Economy

Source: ILO, 2002.

Ishengoma and Kappel (2006) agreed with the categorization as reported by ILO, 2002.

2.3 Concept of Informal Non-Oil Export

Export is a function of international trade whereby goods produced in one country are shipped to another country for future sale or trade. The sale of such goods adds to the producing nations gross output. If used for trade, exports are exchanged for other goods or services. Exports are one of the oldest forms of economic transfer, and occur on a large scale between nations that have fewer restrictions on trade, such as tariffs or subsidies (Adenugba, 2013).

Exports have been described as catalysts for overall development and increase the earnings of the country thereby creating an avenue for growth by raising the national income of the country (Efobi and Osabuohien, 2011).

Non-oil export sector comprises those groups of economic activities which are outside the petroleum and gas industry or those not directly linked to them. It consists of sectors such as manufacturing, agriculture, telecommunication, service, finance, tourism, real estate, construction and health sector. Non-oil export in Nigeria are mainly primary products mostly agriculture products such as groundnut, cocoa, rubber, cotton, hides, skin, cattle, fabrics, corn, wheat, beans etc (Abogan, Akinola and Baruwa, 2014).

Informal non-oil exporting are exporting activities that are not registered with government. They engage in unofficial business activities such as tax evasion, avoidance of labour laws and other government or institutional regulations (NEPC, 2012). Informal non-oil export in this study consists mainly of agricultural products, fabrics and some manufactured products in Nigeria which the exporters are not registered with government. Note; this study excludes exportation of hard drugs such as Indian hemp, cocaine, heroine, human trafficking, prostitution etc.

2.3.1 Markets, Loading Points and Corridors of Informal Non-Oil Export in Nigeria

The annual export database generated by the institutions of the Central Bank of Nigeria, National Bureau of Statistics and Cobalt International Services Ltd, represents an insignificant percentage of total value and volume of exportable products taken out of Nigeria. It is against this background that the NEPC embarked on study and reported about ninety three (93) border markets and loading points across Nigeria (NEPC, 2013). Most of the agricultural and manufactured products exported out of the country informally, where sourced from these markets and loading points. Beneficiary countries of these informal export goods include: Togo, Burkina Faso, Ghana, Cote'd Ivoire, Cameroun, Angola, Equatorial Guinea, Niger, Mali, Senegal, Benin Republic among others.

Most markets and loading points through which informal non-oil export transactions take place suffer varied degree of neglect and difficult rural terrains with little or no modern infrastructure. Inadequate infrastructure encourages informal non-oil export (Agbogun, 2012). Inaccessible roads mar the activities of these informal export operators. Most bush paths used are rough, marshy and rocky with undulating terrain, causing breakdown of vehicles, damage to consignments that result in monumental losses and delays of vehicles as drivers meander and navigate un-cleared routes.

Agbogun (2012) reported that the ninety-three border markets and loading points cut across the six geopolitical zones of Nigeria and some are as follows:

2.3.2 North-West Nigeria Market Corridors and Loading Points for Informal Non-Oil Export

Yusuf (2011) reported that the most prominent market corridors and loading points in the Northwest were as follows; Lolo border market, Kamba border market, Issa border market, Shinkafi market, Gulbin Baure market, Jibiya International border market, Dawanau International market corridor, Mai'aduwa border market, Yan Goro market, Yan Lemo market, Sabon Birni market and Maigatari International market.

Jibiya International Border market: Jibiya is located in Jibia Local Government Area of Katsina state. It is one of the oldest border markets in the country. The market is a beehive of activities involving both export and high degree of import from Niger, Lome and Benin Republic. It is one of the oldest and largest markets involved in informal non-oil export next to Dawanau. The commodities involved in Jibia market include, sorghum, sesame seed, sweet potato and yam (Ramat, 2011).

Dawanau International Market Corridor: Dawanau is located in Dawanau Local Government Area of Kano state. It is the largest market for informal non-oil export in Nigeria. The commodities involved include, hides and skin, corn, groundnut, beans, onions, millet, dried tomatoes and tatashi among others. The commodities are usually transported in trailers to other West African countries (Agbogun, 2012).

2.3.3 Market Corridors and Loading Points for Informal Non-Oil Export in North-Central Nigeria

The north central market corridors were mainly located in two north central states of Niger and Kwara states. The identified market corridors were Babana International Market Corridor, Gwada Market, Paiko Loading Point, Yashikira Market, Chikanda Border Market, Gwete Loading Point, Yanri Market, Kusobuso Market, Kurunji Loading Point, Gure Market Corridor among others (Zubairu, 2013).

Babanna International Market Corridor: The market is situated at the border between Nigeria and Benin Republic, but in Borgu Local Government Area of Niger state. The market can be described as a mega market owing to quality and volume of assorted traded goods such as yam, maize, cotton, soya beans, cashew nuts, groundnut etc. It is one of the largest commodity markets in the region, loading to Benin Republic. The medium of exchange in the market is Naira and CFA. Abdulmalik (2012) reported challenges encountered by informal exporters in the market as follows:

- i. Extortion by government officials (the sum of one hundred thousand Naira (₦100,000) is paid per lorry, per trip).
- ii. Lack of motorable roads and insecurity
- iii. Lack of infrastructure such as lock up stores, preservation of perishable goods.

Chikanda Border Market: Chikanda border market and loading point is in Yashikira Emirate Council, in Baruten Local Government Area of Kwara state. The acceptable currency in the market is both Naira and CFA. The products were informally exported to Burkina Faso, Benin, Ghana and Togo. The exported products were mostly maize, yam, cotton, soya beans, groundnut, cashew nuts etc. The challenges of informal non-oil exporters in the market were lack of capital to embark on the business directly, so those without capital serve as commission agents to foreign buyers, poor infrastructure and extortions by security agencies (Zubairu, 2013).

2.3.4 North- East Nigeria Market Corridors for Informal Non-Oil Export

NEPC (2013) reported that the North-east market corridors are mainly located in Adamawa and Taraba states. They are as follow; Mubi Border Market, Barkin Kogi Border Market, Gurin Border market, Abong Border market, Gembu Border Market among others.

Mubi Border Market: Products informally exported at Mubi border market are native attires, house utensils, provision - toilet soaps, tooth paste, bleach, bathroom slippers, plastic of various types etc. both the Naira and CFA are accepted for the purchase of goods. The products are conveyed on trailer vehicles through Mubi border

market to Cameroon and Chad. Most of the informal non-oil exporters are illiterates. They complain about poor infrastructural facilities, extortion by customs and security agents (Yaro in Agbogun, 2012).

Gurin Border Market: The products informally exported at Gurin border market are rice, yam, jerry cans, iron pots, plastic of various types, cement, bathroom slippers among others. The exporters are mostly illiterates with poor awareness of export business procedures. Their major challenges are lack of infrastructure, illiteracy and extortion from customs which stimulates informal non-oil export (Tswankwa, 2011).

2.3.5 Informal Non-Oil Export Market Corridors and Loading Points in South-West Nigeria

The informal non-oil export market corridors and loading points in the south-west were as follows: Agbapon/Ebute-Ero ECOWAS loading point, Mile 12 Market, Badagry Border Market, Mile 2/ Trade Fair Complex Lagos Loading Point, Murtala International Airport-Skyway Aviation Handling Company Limited (SAHCOL), Idiroko Border Post, Okerete Border Market and Ayegun Market (NEPC, 2013).

Agbapon/Ebute-Ero ECOWAS Loading Point: The Ebute-Messer Abdulsalam Nigeria Limited chaired by Alhaji Abdulsalam Ayinla mainly manages Ero ECOWAS loading point in Lagos state. Ebute-Ero is the operational base while the administrative office is at Agbapon. Distributors of assorted manufactured products rent shops to display their wares and attract patronage. The company provides freight services to informal non-oil exporters to countries like Benin Republic, Cote d'ivoire, Mali, Ghana, Niger and Senegal (Idowu, 2011).

Olagunju (2011) reported that exporters at Agbapon/Ebute-Ero ECOWAS loading point engage in informal operations because of bureaucracies involved in formal export as well as the multiple taxes by the government of both exporting and importing countries.

Idiroko Border Post: The border is the largest among other customs border post in the South-western Nigeria. The Idiroko border post is a route to other markets and loading points in the South-west. Trading activities in the area are not in large commercial quantities but hawkers and other small scale informal non-oil exporters engage in marketing operations across the border (NEPC, 2013). **South-East and South-South 2.3.6 Nigeria Market Corridors for Informal Non-Oil Export**

The Ariaria International market, Ahia Ohuru (New market), Ekeoha shopping centre loading point, central market Ikom, Nigeria/Cameroon border market Ikom were the major informal non-oil export in the south-east and south-south geopolitical zone (Elekwa in NEPC, 2013).

Ariaria International Market Loading Point: The market is the hub of West African finished leather products. The market has gained regional recognition as the centre of leather and allied products as informal non-oil exporters convey finished leather products to various West African countries and other regions of Africa. Textile materials/garments are exported informally through the Ekeoha shopping centre and Ahia Ohuru (New market) to the same countries too. These countries are Cameroon, Ghana, Togo, Republic of Benin, Gabon, Angola among others. The major products leaving the markets to the aforementioned destination are leather foot wears, leather bags and belts, textile materials/garments such as shirts, trousers, native attires etc (Anani, 2010).

Ikom Border Market: Elekwa in NEPC (2013) reported that products exported informally from Ikom market to mostly Cameroon and Equatorial Guinea were as follows: timber and wood products, cocoa, beans, garri, pineapple, yam, rice. The volume and value of goods informally exported at each market, daily, are not ascertained, as the informal non-oil exporters do not keep sales records. The exporters complain of inadequate and lack of infrastructural facilities in the market and its environment (Akintse, 2013).

3.4 Theorisations of Informal Economy as it relates to Informal Non-Oil Export

Following a review of the conventional but new largely refuted modernization theory that depicts informal economy as a pre-modern activity that is disappearing with economic advancement, the emergent recognition that informal economy is extensive and growing in contemporary societies will be shown to have led to the emergence of three rival theories, namely structuralist, neo-liberal and post structuralist perspectives

3.4.1 Modernisation Theory

For most of the twentieth century, a recurring assumption was that the formal economy was extensive and growing whilst the separate informal economy was small and gradually vanishing. Seen through, this lens, the presence of informal economy was a sign of traditionalism "under-development" and "backwardness" whilst formal economy signaled progress, development and advancement (Lewis, 1959; Gilbert, 1998; Packard, 2007).

In other words, modernisation theory represents formal and informal economy as what Derrida (1967) calls a "binary hierarchy". The two types of economy are first read as separate stable realms, bounded and constituted via their negation with each other, and second, the resultant dichotomous terms are hierarchically depicted with

the super-ordinate (formal economy) endowed with positive attributes and the subordinate or other (informal economy) with negative features. The outcome was a temporal and normative hierarchical ordering of formal and informal economy. They are temporally ordered by portraying formal economy as in the ascending and informal economy as the more vestige of a disappearing past or transitory (Latouche, 1993). They are normative sequenced, meanwhile, by deeming informal economy regressive and formal economy progressive.

In recent decades, however, a growing number of studies have revealed that both the informal economy in general (Charmes, 2009; Feige and Urban, 2008; International Labour Office (ILO), 2002; Jutting and Laiglesia, 2009; Schneider, 2008; Williams, 2006), and informal economy more particularly (De Soto, 2001; Perry and Maloney, 2007; Williams, 2006) is extensive, persistent and even growing in many populations. The outcome has been a refutation of its depiction as a residue that is disappearing and the advent of new explanations.

3.4.2 Structuralist Theory

This is a perspective that views the engagement of informal economy as a direct result of their involuntary exclusion from the mainstream economy. What is meant by exclusion is the capacity of workers to work up to the superior standards of the formal labour market, and thereby trimmed out of the modern economy to be left with no other alternative but to endeavour informal work (Williams and Round, 2009). Informal economy is therefore deemed as akin to downgraded labour existing at the bottom of the hierarchy of employment and characterized by sweat-shop like exploitative and low-paid forms of work, acting as a survival resort for those excluded from formal economy (Sassen, 1997; Gallin, 2001; Portes, 1994). Many scholars, while acknowledging the growth of the informal sector, have termed it as a form of work prevailing as an inherent component of contemporary capitalism that is engaging people in a vicious race to the bottom (Williams, 2006).

There are two reasons that structuralist put forward as possible explanations for this increasing engagement of informal economy. First, it is the growing quest of formal economy to reduce their business costs by sub-contracting their work to informal firms/self-employed individuals under exploitative work relations (Bender, 2004; Espenshade, 2004; Hapke, 2004). Second, it is the failure of the state to provide comprehensive welfare system and attain full-employment that has a direct bearing on the increasing reliance of individuals on informal self-employed activities (Amin et al, 2002; Hudson, 2005). From this perspective, informal economy is therefore seen as an exploitative global economic system, cast out into the informal economy because of their inability to find formal work (Gallin, 2001; ILO, 2002). Therefore, informal economy is a survival practice conducted out of necessity and a substitute of formal work pursued as a last resort purely for economic reasons.

Akin to modernization theory, the same normatively hierarchical reading is thus retained, depicting informal economy as regressive and formal economy as progressive. This is clearly seen in the work of the ILO that promotes the protection and incorporation of workers and economic units in the formal economy into the mainstream economy (ILO, 2007) in the belief that formalization and transition to mainstream economy are desired goals (ILO, 2007) as well as the United Nations Economic and Social Council ministerial declaration on decent work that promotes the integration of informal work into the mainstream economy (ECOSOC, 2006). Consequently, informal economy is the opposite of decent work, and the policy solution is either to eradicate such endeavour or to formalize it (ILO, 2002, 2007).

3.4.3 Neo-Liberal Theory

Rather than portray informal economy as a survival practice conducted out of necessity by marginalized populations, a neo-liberal perspective has instead contended that the growth of informal economy signals how many are choosing to voluntarily exit the formal economy. Here, informal economy are heroes rejecting the bureaucratic shackles of an over-regulated state (De Soto, 1989) and informal economy is a direct response to the over-regulation of the market (De Soto, 1989). They are said to choose to work informally to avoid the costs, time and effort of formal registration (Biles, 2009; De Soto, 1989, 2001; Small Business Council, 2004) and such informal economy is a sign of the popular resistance to over-regulation. It is a rational economic tactic voluntarily pursued by exporters stifled by state-imposed constraints (Maloney, 2007; Packard, 2007).

Portrayed as an exemplar of untrammelled enterprise culture in an over-regulated economic system, informal economy is a manifestation of the resurgence of the free market against state regulation; a populist reaction to over regulation and government oppression (Maloney, 2007).

Here, the normative hierarchy of modernization and structuralist theorisations is inverted. Informal exporting is the route to progress and exemplifies how formal economy could be organised if it were de-regulated. In this perspective, the participation of exporters in the informal economy is a matter of "choice" that takes place as a

result of their voluntary exit from the over-regulated domain of the formal economy. Nevertheless, akin to the structuralist perspective, it also views this participation as primarily driven by economic incentives.

3.4.4 Post-Structuralist Theory

For many years, those recognizing the persistence and growth of informal exporting were confronted with a simple theoretical choice between structuralists or neo-liberal explanations, or structure vs agency. Recently, however, an alternative third explanation has emerged. Inspired by a small stream of critical, post-colonial, post-structural, post-development and post capitalist thought that has transcended the conventional "thin" portrayal of economic and monetary exchange as universally market like profit motivated by adopting "thicker" portrayals of the complex and messy characters and logics of the economic and monetized transactions (Bourdieu, 2001; Gibson-Graham, 2006; Chakrabarty, 2000; Zelizer, 2005). Informal exporters are no longer viewed as rational economic actors engaged in profit-motivated monetized transactions and swayed by the cost/benefit ratios confronting them, as depicted by structuralists and neo-liberals.

In post-structuralists theory, informal exporting is instead various re-read as: frequently conducted for closer social relations such as kin, neighbors, friends and acquaintances (Williams, 2004); undertaken for social and redistributive reasons rather than purely financial gain (Persson and Malmer, 2006; William and Round, 2008; Smith and Stenning, 2006); resistance practice that is a response to the exploitation of workers in the neo-liberal global economic system and the corruption and bribes that can be part of the formal economy (Bile, 2009; Whitson, 2007) or an alternative realm in which participants can transform their work identity or reveal their true selves such as by establishing informal life style businesses (Snyder, 2004). Rather than view informal entrepreneurs as fortunate pawns in an exploitative global economic system or as voluntarily exiting the formal realm due to over-regulation, post structuralists ascribe agency but focus on how informality is a livelihood practice chosen for social, redistributive, political or identity reasons (Whitson, 2007; Biles, 2009).

Until now, these four contrasting theorizations of formal economy have been largely viewed as mutually exclusive rival explanations. Most commentators thus, depict informal economy as taking place according to a single unique logic or at best pay lip service to other logic but contended that one particular explanation predominates (Amin et al, 2002; De Soto, 2001; Hudson, 2005). ' Although in recent years some have begun to move towards greater integration of these explanations by suggesting that structuralists explanation might apply to exporters in relatively deprived population and agency oriented explanation to relatively affluent groups (Evans et al, 2006; Guroto and Williams, 2009), there have been no explicit evaluations of the validity of these competing theorizations.

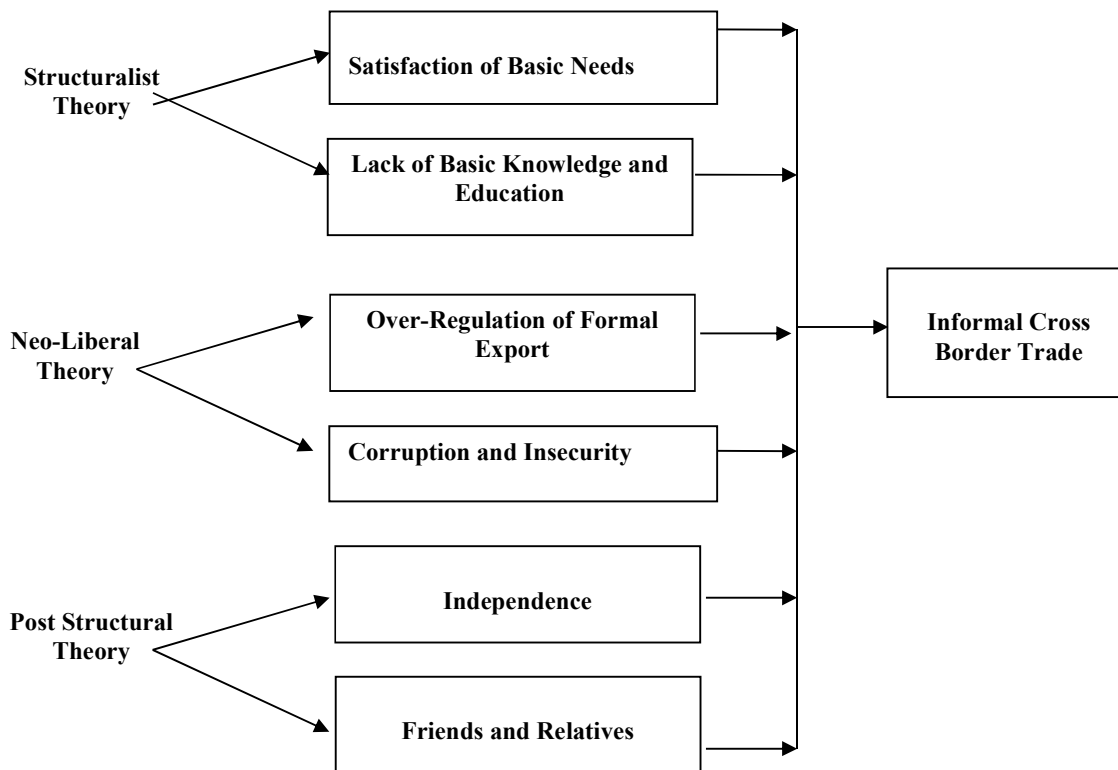
3.5 Theoretical Framework Based on Typology of Informal Cross Border Trade

The typology of informal cross border trade, is consistent with characteristic approach to the study of informal non oil exporting. The conceptual framework is based on three main constructs namely structural theory, neo-liberal theory and post- structural theory (Afrika and Ajumbe, 2012). These constructs are consistent with informal non-oil export model in Nigeria.

The structuralist theoretical approach view the informal export as a largely unregulated low paid and insecure kind of survival driven self employment conditions by marginalized exporters excluded from the formal market (Harding et al, 2006; Maritz, 2004).

Neo-liberal theorist celebrate informal exporters as heroes throwing off the shackles of a burdensome state, with the growth of informal entrepreneurship seen to be a direct outcome of over-regulation in the formal market economy (De-Soto, 1989). Over-regulation or arbitrary application of regulations have been reported in literature to incite informal export and encourage illegal practices by unpatriotic government officials such as under invoicing, encouraging unofficial routes among others (Jones and Jones, 2004; Naidu et al, 1997, Otiz, 1984 and Porto, 2007). Neo-liberalist view inadequate infrastructure to encourage informal export (Brooks and Frances, 1991, Colaiacovo 1982; Dicle and Dicle, 1992 and Neto, 1982). The Neo-liberal theorists are widely assumed to also be necessity driven, pushed into informal export as a survival strategy (Castells and Portes, 1989; Mc Elwee, 2009).

In post structuralist theory, informal non-oil export is view as frequently conducted for closer social relations such as friends, kin, neighbors and acquaintances undertaken for social and redistributive reason rather than purely financial gain (Williams, 2004).



Conceptual Framework based on Informal Cross Border Trade.

From the diagram above, the Modernization theory gave rise to three main construct namely structuralist theory, neo-liberal theory and post-structuralist theory. The structuralist theory is consistent with satisfaction of basic needs. Structuralist view informal non-oil exports as a survival strategy in the absence of alternative options and are engaged in it because of financial rewards (Maldonado, 1995). Neo-liberal theory as seen from the diagram is consistent over-regulation and unpatriotic government officials. These variables have been reported in literature to incite informal non-oil export (Brooks and Frances, 1991, Neto, 1982). The post-structuralist theory gave rise to desire to own a business. Some informal non-oil exporters venture into export out of choice, such as their wish to be independent or desire to own a business (Reynolds et al, 2002, Maritz, 2004, Williams and Round, 2007).

3.6 Cost and Benefits of Informality to Non-Oil Exporters

Empirical research has tried to identify barriers to formalization. Ishengoma and Kappel (2006) survey evidence regarding the factors hindering the growth of informal enterprises. They distinguish between internal factors, such as limited human capital, lack of working capital, the utilization of obsolete technology and poor location, external factors, including limited access to financial services, limited access to business development services, a limited market, poor supply to economic infrastructure and burdensome government regulations. Based on a review of the literature and of donor experience, UNECA (2002) focuses on external factors and identifies seven categories of barrier to formalization from the entrepreneur's perspective:

- a) Regulatory barriers
- b) Administrative barriers
- c) Fees and financial requirements
- d) Corruption in public administration
- e) Socio-cultural attitudes
- f) Lack of key business services and
- g) Criminality.

De Soto (1989) reported that the choice of whether to be formal or informal can be presented as a rational decision. Economic units weigh the costs and benefits that formalization entails and consider their particular institutional and resource constraints. The cost of formality can be divided into the costs of accessing the formal economy and those of remaining formal. A number of authors have applied the analytical framework proposed by De-Soto to a variety of different countries. Loayza (1996) surveys the existing literature and finds evidence of high access costs to legality in Latin America. He also finds evidence that remaining formal can be very costly too. Marginal tax rates on formal firms are typically very high in developing countries, given the narrow tax base. Finally, bureaucratic requirements also represent a significant cost of remaining formal. Loayza also surveys evidence on the costs of informality. He distinguishes between penalties when informal activity is detected and the cost of restricted access to government services. With regard to penalties, there is evidence to suggest that informal firms pay much higher bribes to corrupt government officials than formal firms and that they choose suboptimal sizes and capital to labour ratios to avoid detection.

Bigsten and Kimuyu (2004) compare the benefits of informality with the costs and risks associated with operating outside the rule of law. They conclude that, in the existing business environment, it can be rational for Africa entrepreneurs to remain informal, since this reduces their costs without having a detrimental effect on productivity. Using available evidence to compare the costs of formalization with the costs of informality, Isengoma and Kappel (2006) came to the same conclusion.

4 Empirical Findings of Non-Oil Informal Export Model

Model₁: Satisfaction of basic needs promotes involvement in informal non-oil export in Nigeria.

This agrees with Williams and Round (2008) in a study conducted in Moscow which revealed that satisfaction of basic needs through generation of sufficient income to survive influences informal non-oil export. Also, the result of this analysis correspond with the findings of Kwame and Williams (2012) in a study conducted in Ghana which found that basic survival motivates onformal non-oil exporting.

Model₂: Regulation of formal export influence involvement in informal non-oil export in Nigeria.

This is in agreement with the postulations of the Neo-liberal theory that the formal economy is over-regulated. This is in agreement with Taneja and Bimal (2016), in a study of determinants of informal export in India, it was found that over-regulation such as high duties and multiple taxes are strong incentives for informal export. Also, the findings of Biles (2009) revealed that informal non-oil export operators engage in such marketing activities to avoid over-regulation.

Model₃: Activities of government officials promotes involvement in informal non-oil export in Nigeria.

This is in line with Agbogun (2012), a study conducted in Nigeria which found that corrupt government officials stimulate informal export marketing activities. Also, findings of Jones and Jones (2004) reported corrupt custom officials as one of the major influence of informal export.

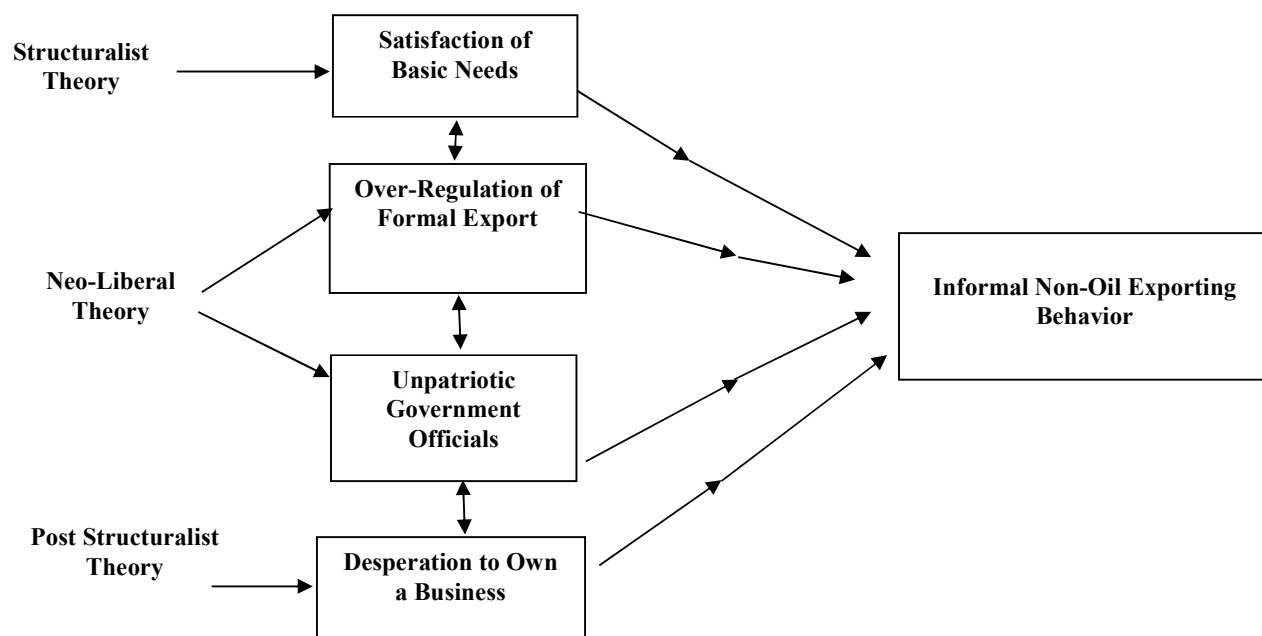
Model₄: Desire to own a business influence involvement in informal non-oil export in Nigeria.

This is in line with Snyder (2004) in a study conducted in New York East which found that desire to own a business motivates informal export marketing operations. Also, the study of Persson and Malmer (2006), conducted in Sweden, found that informal export are undertaken for social and redistributive reasons such as independence or desperation to own a business.

5 Conclusions And Recommendations

The study recommends a 4-point informal non-oil exporting behaviour construct model as follows:

- Satisfaction of basic needs promotes involvement in informal non-oil export in Nigeria;
- Over-regulation of formal export influences involvement in informal non-oil export in Nigeria;
- Activities of unpatriotic government officials promote involvement in informal non-oil export in Nigeria;
- Desperation to own a business influences involvement in informal non-oil export in Nigeria



4-Point Informal Non-Oil Exporting Behavior Construct Model (Iweama, 2017).

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