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The Research Journal of Yangon University of Economics has come out by the guidelines of the Minister for the Ministry of Education in Myanmar. The journal aims at the advancement of research in all areas of Economics. It also has the aim of providing a scholastic platform to professionals, researchers, and academicians associated with the field of Economics. It is expected that the journal can provide implications for teaching and learning public policy, business policy and individual decision making.

The articles in this journal are contributed by researchers from all academic departments of our university. We fully appreciate the contributions of the researchers. We also admire their great efforts to contribute in this journal though gradually increasing numbers of the students enrolled in Yangon University of Economics make them occupied with teaching.

Yangon University of Economics has always been trying to promote the quality of education. This research journal is a proof of such endeavour.

Editorial Board

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A STUDY ON THE URBAN INFORMAL SECTOR IN YANGON: CASE STUDY IN STREET VENDORS

Dr. Phyu Phyu Ei¹ & Myo Myint Aung²

ABSTRACT

The urban informal sector is a sub-set of the total informal sector as well as of the total urban sector. In the context of Myanmar, the urban informal sector is described as livelihood activities. In this sector, street-based activities are more distinct than other activities. In this thesis, it has studied what factors involve to push into street-based activities and the public views on it in Yangon. This study used descriptive method base on both primary and secondary data. Activities of street vendors in Yangon include selling food and goods, and providing services in prescribed or unprescribed markets or areas, such as streets, roadsides, in front of supermarkets and at bus stops. These activities are owned by one or two persons, a family or by group of people. The street vendors activities are boosted by a continuous stream of rural to urban migration because of no work opportunity in rural areas. Most of the people who engaged the street vending are reasonably educated; a few even highly educated (graduates) and they are clearly not recent migrants. The control is not properly implemented to the vendors' activities. The predominant feeling among the general public toward the urban street vendors' activities is more negative than positive.

Key Words: urban informal sector, livelihood activities, street-based activities, street vendors

1 Introduction

1.1 Rationale for the study

Informal sector is the part of the urban economy of developing countries which characterized by small competitive individual or family firms, petty retail trade and services, labor-intensive methods, free entry, and market-determined factor and product prices (Todaro & Smith, 2012). The informal sector continues to play an important role in developing countries, despite decades of begin neglect and even outright hostility. In many developing countries, about half of the employed urban population works in the informal sector. The informal sector accounts for a very large share of income, output and employment in low and middle income countries, providing jobs to over two billion people worldwide. Nevertheless, the current policy debate is largely biased against informality, with major actors assertively pushing for formalization. Yet as the informal sector continues to expand, some have asked whether this phenomenon could in fact be a lifeboat for poor economies. In 2009, informal activity accounted for over 80% of nonagricultural jobs in Sub-Saharan Africa and South Asia, 50% of gross national savings in

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India, and 58% of non-agricultural growth in Ghana. This expansion shows no sign of slowing down. Even in the presence of strong economic growth in Southeast Asia and Latin America, rates of informal employment have increased steadily over the past twenty years, with formal employment stagnating in comparison (Jutting & Laiglesia 2009, as cited in Biau, 2011, p.2).

Myanmar has a large informal sector with the majority of the poor. According to the UNDP IHLCA (2011), report a rough estimate of the informal sector in 2009-10 would be 73 percent of the total labor force. This estimate is up 4% from the 2005 estimate of 69 percent. If agricultural activities are excluded, per ILO practice, the share of the informal sector in 2009-10 was an estimated 57 percent. By way of comparison, according to ILO estimates, the informal sector share of non-agricultural employment was 42 percent in Thailand (2010) and 68 percent in Vietnam (2009). The average for a sample of 39 lower and middle income countries was 51 percent (World Bank, 2014). The existence of the informal sector in Myanmar has been had unofficial status. The present situation of the employment in Myanmar, the formal sector was unable to absorb the growing labour force within the national labour market. According to 2014 Myanmar census, there are 1,391,057 people who migrants from other states and divisions to Yangon.

In the case of Myanmar, particularly in Yangon, the informal sector is a source of employment, income and survival for a large number of population; especially the middle and low-income earners. At the same time it should be noted that street vending survives not merely because it is an important source of employment but also because of the services it provides to the urban population. For the urban poor, street vendors provide goods, including food, at low prices. It means one section of the urban poor, namely, street vendors, subsidize the existence of the other sections of the urban poor by providing them cheap goods and services. Middle-income groups get too benefit from street vending because of the affordable prices offered.

In addition, Yangon is receiving the most migrants' population in the country. There is no concrete evidence, but the assumption is that the increase of street vendors in present days is due to the increasing migration from rural areas. Many people have been rendered homeless and displaced by the rural-urban income gap. In Yangon, most of the urban poor get easy access of goods from those vendors. However, the vendors occupy the footpath leaving no space to the pedestrians. This has become a public concern because it creates problem for vehicular and pedestrians movement, and has polluted the environment of the surrounding. One of the main problems of street vending activities is that it creates difficulty for the traffic to move more smoothly during peak hours. They occupy public places and roads, which can also create social problems like pick pocketing, hoodlum and theft. This situation has created several problems in management, development and has destroyed the morphology of the city. Therefore, much more needs to be understood in Yangon about the nature of the informal sector - to what extent street

vending provides a means of livelihoods to the urban poor, and - to what extent street vending is a problem or a resource in Yangon. In this stance, the study provides understanding of why street vending is increasing and how public view migrants' street vendors in the urban area of Yangon City.

1.2 Objective of the study

This thesis has two aims:

- (1) To examine the factors that involve the nature of the urban informal sector, especially street vending, in Yangon, Myanmar, and
- (2) To explore public views on the urban informal business activities in Yangon, Myanmar.

1.3 Method of the study

Descriptive method was used in this study which based on survey. Quantitative data were collected by two questionnaire surveys with structured types. These surveys were interviewer administrated survey with respondents. The questionnaire surveys were conducted to identify the nature of the informal sector, to identify the kinds of people who engage informal sector activities, to discover the reason for migration, to examine the effects of the control on informal business activities and to explore the general perceptions of the people living in Yangon with regard to informal sector activities.

1.4 Scope and Limitations of the study

This research has focused on 300 street vendors who worked in Hlaing Thayar and Shwe Pyitha Township in Yangon Region. Moreover, this research also focused on 200 persons from every level of people who live in each township. Accordance with International Labour Office's Survey, the poverty line is used as \$ 1.25 per day standard.

This research has some limitations. Firstly, the data collection was limited to two major townships in Yangon. Future research can be extended to other townships and other cities. Secondly, the persons from Yangon City Development Committee (YCDC) did not want to give the answer for survey concerning with rule and regulation. Thirdly, there is no definition on informal sector by the government. So, the definitions from other countries and organization were used.

1.5 Organization of the Study

This thesis is organized into five chapters. Chapter 1 is introduction with the rationale, objectives, method, scope and limitation, and organization of the study. Chapter 2 is designed to review literature of both theoretical and other relevant literature. Chapter 3 shows an overview of

Myanmar’s development and informal sector. In chapter 4, survey results are presented and finally, chapter 5 is conclusion and suggestion.

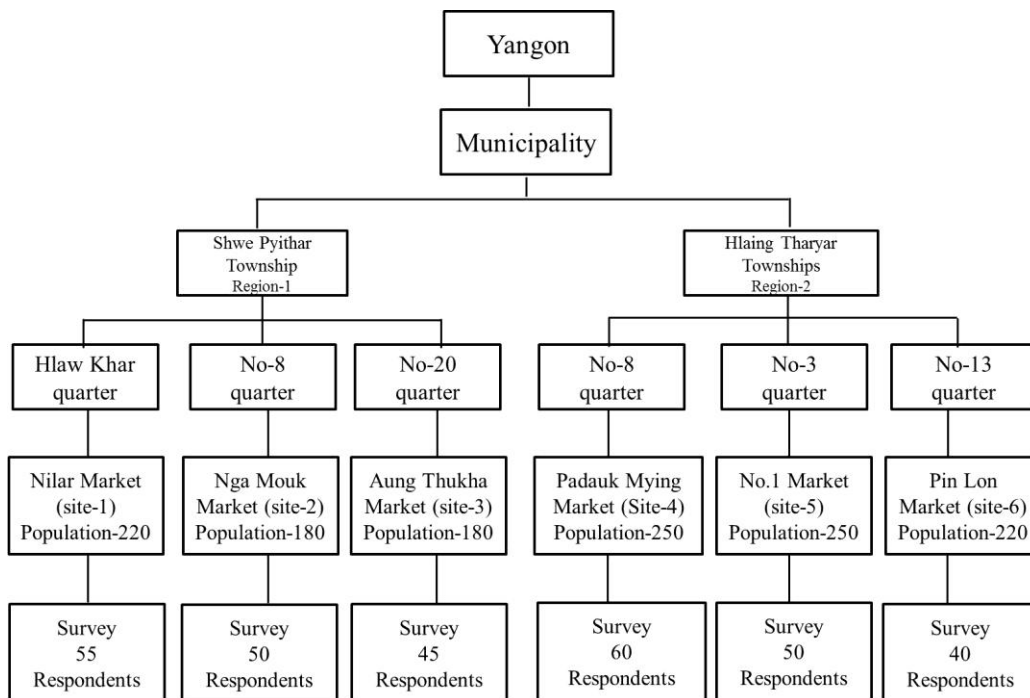
2 Survey Design

To achieve its objectives, this research involved fieldwork over a five weeks period between September and October of 2015 in Hlaing Tharyar and Shwe Pyithar townships in Yangon. Targeting street vendors and their families in the city, the selection of the street traders for quantified surveys was concentrated in six different sites that represent their agglomeration.

2.1 Selection of sites and respondents

Yangon covers a large boundary in terms of land size and number of street traders. The research locations focus on the municipality area especially in Hlaing Tharyar and Shwe Pyithar Townships, because the number of population was very large and concentrated in various locations of the city.

Figure (1) Sampling design and procedures



Source: Survey data

Figure 2.1 highlights the procedure of selection for research sites and participants. The selection of the research sites involved several stages. The first was to determine the municipality as the area for the study. This decision was mainly based on the argument that it represents the core of

Yangon city in which many conglomerations of street enterprises exist. The second step was to select regions within this municipality area.

When information about the numbers of administrative townships with each region was gained, two townships out of 44 were selected. They are Shwe Pyithar (region 1) and Hlaing Tharyar (region 2). The third task was to choose three quarters from each township. In this respect, three quarters out of six, in Shwe Pyithar and three quarters out of six in Hlaing Tharyar Township were selected by sample random sampling. The quarters were quarter No.8, No.20 and HlawKhar quarter in the region 1 and quarter No.3, No.8 and No.13 in the region 2.

The final procedure was to determine more specific locations in order to select the sites where the street traders operated their enterprise. Six sites were selected from six quarters to represent as a sampling frame. In general, while these sites characterized the most intense street trader operations, each location represented all sectors of the city. After refinements, the total sample selected from each site was 300 people. On average, this represented about 23 percent of the population in the sampling frame. Participants were selected, or hand-picked, in line with the purpose of the study.

2.2 Data collection

Technique of data collection used during the fieldwork included standardized questionnaires. This technique was employed on a complementary basis depending on the appropriate situation. This flexible application enabled the study to plan as well as to refine its routes to go in the right direction, and to apply appropriate research instruments at a particular time, place or event.

Hlaing Thaya and Shwe Pyitha townships in Yangon were selected as a study location for this research. Yangon is the commercial city and the largest city in Myanmar. Many people from 7 States and 7 Regions in the country have migrated to this city. Accordance with 2014 census, the estimated population in Yangon was about 5,160,512 people. In Yangon most of the migrates lived in Hlaing Thaya and ShwePyitha township, who are unemployment, and underpaid employees more to the informal sector activities.

A questionnaire survey of public perception was conducted in Hlaing Tharyar and Shwe Pyithar to address research question one and four to explore the factors that the general views about the informal sector, and the perception of street vendors' behavior. According to Vaus (2000), questionnaires are the most common way of obtaining survey data. It is helpful to distinguish between five distinct types of question content: behavior, beliefs, knowledge, attitudes and attributes. A sample size of 300 respondents was targeted to participate in the questionnaire survey, 150 in Hlaing Tharyar and 100 in Shwe Pyithar.

The population considered for the questionnaire survey to be administered was public sector workers, private sector workers and the general public in Hlaing Tharyar and Shwe Pyithar. A

sample size of 200 respondents was targeted to participate in the questionnaire survey, 100 in Hlaing Tharyar and 100 in Shwe Pyithar. The response rate completed was 100%.

2.3 Questionnaire design

In order to have systematic, representative and reliable information, a series of structured type questions were employed to scrutinize selected respondents. The main purpose of this questionnaire was to obtain a sizeable volume of information that could be classified by type, frequency and central tendency, by means of descriptive statistical measurements. Most of the data obtained from this questionnaire was statistically amenable for use as a basis for generalization. The 300 street traders were mainly surveyed in their enterprises during the day and night business operations. It took one to two visits per respondent to fill in one questionnaire. The information pursued by this questionnaire focuses on enterprise structures of street trading (i.e. history of business activities , production process and employment figures, and legality) and characteristics of human development of street traders (i.e. economic capital, human capital, and social capital).

3 Results / Findings

3.1 Demographic characteristics

Most street trading in Yangon are owned and operated by women. There are not significant differences by gender. Male traders are likely to have larger scale operations and to deal in non-food items, while female traders are likely to have smaller scale operations and to deal in food items. No women in the study areas were involved in service activities.

When data on age, marital status, and number of children are combined, the information shows that adults, between 31 and 40 years of age and married with one or two children, were the predominant portion of streets vendors. This shows that single people of whatever age are less likely to be the street traders. Marriage seems to provide support in establishing a successful enterprise, and spouses are often partners in such schemes. Most women in this age category were already married and even having children. The figure also demonstrates that as many as six people, or about five percent of the street vendors, were divorced or widowed. Most of them were women in an older age category having double roles in heading the family and running the business.

When an analysis of the surveyed data is broken down on the basis of their length of stay in Yangon, the information reveals that most vendors had lived in the city for 5 -10 years (25%), followed by those who had lived in the city for 10-15 years (20%), less than 5 years (13%), and

those who were born in the city (28%). So, 72% of street vendors migrate from other states and regions especially from rural areas.

The most reason for migration is no work opportunity in rural area about (22%) and they cannot live with present income in rural area about (13%). (10%) percent of respondents, especially young people, were attracted to the city because of the bright light.

The domination of long-term migrants in this sector, however, is slightly inconsistent with the patterns of the dualistic view, especially in the Harris-Todaro model. Most of street vendors are not recent migrants, but migrated to Yangon from the other states and regions between five and twenty years ago.

3.2 Information of business activities

Most street traders (53% and 33% respectively), stated that their previous occupation was in the informal sector or not working. This information shows that the mobility of employment in Yangon labour market generally takes the form of horizontal mobility within the informal sector.

The majority of respondents (60%) perceived that they participate in the street trading because of the ease of entry into street trading. In order to obtain some incomes, it is relatively easy to start and operate the business and the difficulty of entry into the formal job sector or alternatively. They can, for example, operate it by following their predecessor through kinship networks, or they can adjust it to their knowledge and skills. As to the rest of the variable (questions number 6 to 9), their low percentage may indicate that these reasons have had relatively less influence on their decision.

(a) Production process and number of workers

Production process and number of workers of the respondents are presented in that the majority of street vendors purchased and resold, especially goods traders who purchased all that they sold from other merchants. However, notable exceptions were food traders, where 39% of them are made and prepared their food at home and then brought them to the street for selling. It is important to note that for street service providers, the data on the source of products were attributed to the tools they used since, and hence, most services available were basically derived from their own.

The information about number of workers demonstrates this pattern of family business. It shows that most establishments are very small: well 83% of the street vendors consist of only one person working alone. Most enterprises are indeed operated by a single trader or by a trader or by a trader couple with no employees, but generally they obtain considerable unpaid assistance from family members. Nearly all traders rely heavily on family labour or assistance, both at the place of sale and at the production site in the home. The data on working hours reveal that the

overwhelming numbers of street vendors are hard workers and keen entrepreneurs. About 19 percent of the traders can be categorized as under employed, overall, they work very long hours: more than 10 hours a day, seven days a week, year-round. As indicated above, some street traders work only in the morning, some work all day, and many works until late at night.

(b) *Legality*

More than 95 percent of the street enterprises in Yangon operate without license. Some of them have some kind of identification. The common identification is mainly in a form of registration card with a photo stating the name of the owner, main type of trading, and specified location. Most, if not all, street vendors pay registration fees. Street vendors near an office building, public park or market also rent regular stall space or pay a value of the stocks and the attraction of the business location.

Formal enterprises once registered are subject to pay taxes, whereas street enterprises that are officially unregistered do not pay taxes. However, the latter does not necessarily intend to break the rules or evade taxes.

3.3 Human Development of Street Vendors

This study considers the indicators of human development of street traders as consisting of economic, human and social capitals. Economic capital includes working capital, profits and household incomes. Human capital includes attainment of education, access to health service. Social capital covers access to social institutions as indicated by the participation in social cultural activities.

(a) *Financial capital*

Two of the crucial economic variables affecting the business performance of the street enterprise are working capital and trading revenues. The majority (42%) of street trader capital was indeed very minimal, under 20000 kyats wide variations were also found among different activities with vendors offering services having less capital than vendors selling food and goods.

It is important to bear in mind that the high revenues of street enterprises are based on averages that may mask the real profits of the majority. The wide range of household incomes as illustrated by interval figures, for example, shows that most street traders (60%) obtain daily revenues of more than 5000 kyats and 8 percent of the traders earn less than 1500 kyats a day. Separately, the household incomes of street trader selling goods were better than those selling food and services respectively.

On the basis of such an official poverty line is US \$ 1.25 a day line (nearly 1500 kyats). The average of daily profits and incomes of 92% street vendors are higher than the minimum basket of poverty measures of the country. 6% is slightly more than poverty line. But again, this cannot

be used to justify that the street traders in Yangon are amongst the non-poor, let alone the rich, in the population.

Taking into account the limitation of poverty line, the link between poverty and street trading in Yangon appears to be more adequate if it is categorized into three groups on the basis of the multiplication of the poverty line.

1. **Group one:** the poor street vendors defined as the traders whose daily earnings are lower than 1500 kyats. They are categorized as poor since their economic situation is less than the basic poverty line of 1600 kyats. This group consists of 6 percent and 2 percent of the traders based on their trading revenues and household incomes per day, respectively.
2. **Group two:** the vulnerable street vendors defined as those having daily earnings between 1500 kyats and 3600 kyats. They are vulnerable because their gross profits and incomes are higher than the poverty line, but still around or only slightly above twice the minimum level. Based on both trading revenues and household incomes, 42 percent and 20 percent of the traders are under this category.
3. **Group three:** the better-off street vendors defined as those having daily earnings higher than 3600 kyats (standard minimum wages of formal) and hence well above twice the poverty line. Based on trading revenues and household incomes, respectively, the number of street vendors categorized as the “rich” traders is 53 percent and 77 percent of the total population.

According to these groups, 53% of street vendors earn more than those in the low skilled formal sector.

(b) *Human capital*

Education and health have been regarded as essential human capital for further economic and social development. The evidence show the level of human capital of street traders with respect to access to education and health service. In general, the findings show that street traders in Yangon have adequate access to such human capital.

Almost all street vendors have had some formal education except only 6%, literacy is not a major problem for street traders in Yangon. The data show that the majority of street vendors have achieved middle school level followed by primary levels of education. The pattern of educational level by types of trading is even more striking where street traders selling goods have had relatively better education than those selling services and food respectively.

Data on health show that 75 percent of street vendors used a health center and 10 percent of the traders used a doctor when they got sick, while 3 percent of them go to hospital. The “other” category in the table indicates some other ways of curing sickness, such as traditional healing or self-medication (using medicines not prescribed by a doctor) to cure their sickness. This high

utilization of health centers seems to reflect easy to go and cheaper cost of medical treatment than other.

3.4 Results of survey data of public opinion

This sector presents the quantitative results from the data that have been collected from the questionnaire survey of public view on informal sector activities. The sector focuses on validating the qualitative results on perception of attitudes and behaviour towards street vendors and the perception of the control.

(a) *Perception of attitudes and behaviour towards street vendors*

Statements one (1) and two (2), implied negative attitudes and behaviour towards the urban informal sector activities performed by the city authorities and the general public interaction with the vendors. In addition, statements three (3), four (4) and five (5) the views held by the respondents were of a higher (over 50%) response rate in agreement. This shows that YCDC, and the general public had negative views toward the urban informal sector street vendors' engagement in street selling. This is clearly seen in confrontation between the vendors and the city authorities.

(b) *Perception of the control*

Unsurprisingly the quantitative results were similar to the qualitative results. The general public, public sector and private sector strongly held negative views about the control. The highest positive response rate was to statement (1), in which the respondents strongly held the negative view that there was no proper implementation of the control.

(c) *Perception of Street Vendors' Behaviour*

The general public, public sector and private sector employees strongly hold negative views about the street vendors' behavior. The respondents were more strongly negative about urban street vendors' behaviour. They do not comply with safety and health requirements.

(d) *Perception on consumers*

The general public, public sector and private sector employees strongly hold that street vendors are essential for very low income family. They also strongly hold positive views that low and middle income people consume from street vendors.

4 Discussion

The empirical analysis of the factors that determine the nature of the urban informal sector, views on informal sector activities and the implementation of the control has produced a number of key findings.

This study found that one of the major factors that contributed to the development of the informal sector was rural-urban migration. Evidence presented shows that, vendors left their villages and migrated to the city because of lack of work opportunities, a push factor. The other push factors include lack of rural development, provision and maintenance of services and employment in the rural areas. This reason supports the Harris-Todaro model. Some, however, have other reasons for migrating.

This study found that, according to the survey evidence, rural-urban migration and unemployment are the main factors that increased the activities of the informal sector in the urban sectors.

Previous research by Conroy (1974) and Williamson (1977) (as cited in Timalina, 2002) concluded that the poor take up informal economic activities as a last resort for survival. However, this study found that most people who engaged in the main informal sector activities were reasonably educated; a few even highly educated (graduates). Respondents from the focus group claimed that many of them do not have a formal job. Street vending was their only means of survival. They were in the category of those who are entirely dependent on the informal sector.

Forty percent of the traders are in the 31-40 years old age bracket, usually a married couple with one or two children. This shows that the role of family in street trading is very important. In relation to demographic characteristics, most of the street vendors (71%) were migrants from rural areas. However, since many amongst them (51%) were long-term residents, who migrated to Yangon between 5 and 20 years ago, street traders, are not recent migrants.

Street vending is regarded as the easiest and best available source of income especially amongst the poor. Previously, most street traders were employed in small income earning activities, largely in small jobs in the informal sector. This demonstrates that the shift of employment in the Yangon labour market usually takes the form of horizontal mobility within the informal sector.

Not all street vendors are poor, and they are not the poorest group compared to other low-income household. In aggregate and average, while some street traders can earn higher incomes than other comparable jobs, for those who are unemployed and have no advanced labour skill, street vending provides a reasonable source of livelihood. With reference to human and social capital indicators, street traders are possibly not poor. They have adequate basic education and access to health service.

One of the ILO experts, Sethuraman (1976), identified nine informal activities characteristics. In this study, informal activities employ 5 persons or less from family members. It does not observe fixed working hours or days of operation and operates in temporary structure or in a shifting

location. So, the characteristics of informal activities in Yangon are consistent with characteristics of informal activities that identified by the international experts.

The high scores of access to health services (i.e. doctor and health centre) seem somewhat surprising. It was expected that the low trading profits and household incomes would be followed by shortage of human capital. This does not happen. The findings show that there was no simple and causal link between poverty and street vending.

The control has not achieved public wants concerning with street vending. The evidence presented shows that the control on street vendors was not properly implemented. The feeling among the general public towards the urban street vendors' activities was more negative than positive.

They were seen to have attitude problems and their behaviour was seen to be driven by market forces. However, some respondents expressed positive views, while others expressed negative views about the urban street vendors. In terms of the positive views, the street vendors provided a quick fix and affordable service to the public. In addition they were expressing their democratic right to earn a living and contributing to the urban economy by providing cheap goods at convenient places. They were sensitive to market demands and responded to them. On the other hand, in terms of negative views, urban street vendors were nuisances conducting street selling in public places. They were seen as an eyesore, filling the streets with stalls made up of scrap and debris found along side roads and polluting areas with what they market. Rubbish created led to the spread of diseases. This creates a bad image for the city and the country as a whole.

5 Conclusion

Myanmar's experience conforms to the former, with most of the population being dependent on the rural informal sector. The Harris-Todaro (1970) model provides a rationale for the rural-to-urban migration in the face of rising urban unemployment. There were connected urban pull and rural push factors leading to rural-to-urban migration. This model depends upon the rural-urban wage gap and the rate of growth in urban employment. The "decision to migrate from rural to urban areas is related to two principal variables: (1) the urban-rural income differential and (2) the probability of obtaining an urban job" (Todaro, 1969, p. 139).

This research makes a contribution to identifying the types of people involved in the informal sector with its new finding that most of the people who were engaged in activities in this townships were reasonably educated, a few even highly educated. The informal sector in Myanmar is not just for the unskilled.

The key findings of this research suggest the following directions for further research: Researchers in future studies should consider data collection in other regions throughout Myanmar to obtain broader views of the informal sector activities. The socially undesirable and illegal activities such as prostitution, drug dealing and street begging have not been researched, due to time constraints and difficulty of getting adequate and reliable information about them. Researchers in future with more resources may consider undertaking such research.

Microfinance in other countries has been discussed in relation to the rural and urban informal sector. Future studies should consider exploring how it could assist the participants in the rural and urban informal sectors of Myanmar.

One way of solving the problems of increasing street vending activities can be by providing vendors with a specific location for trading. It can be done with the help of local authorities giving them responsibility for control and managing the surrounding environment. Such other locations can also be identified and provided for trading that can protect livelihoods right of the vendors and manage the city environment. Upgrading of the vendors into formal shops should be facilitated. Providing loans and encouraging them to establish formal shops by giving training, skills can be taken into consideration. YCDC and the authorities should take the initiative to upgrade vending activities by approaching various NGOs to work in the management of vending activities in the city. Appropriate and effective programmes for employment generation to urban poor in Yangon should be designed and implemented.

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