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**MARKETING SYSTEM DEVELOPMENT,  
EMPLOYMENT AND LABOUR MIGRATION**

by

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MARKETING SYSTEM DEVELOPMENT, EMPLOYMENT AND LABOUR MIGRATION  
IN DEVELOPING COUNTRIES.

Abstract:

Demographic studies of developing countries show an increase in the pressure for productive employment. The first question dealt with in this article is 'how much employment in casual traders and sales people can the marketing system absorb in the course of growth'. The Clark-Fisher thesis is criticized and the article advocates that the marketing system is critical in the early phases of development.

The second question dealt with is 'how does the pressure for employment influence the structure of the marketing system, its ability to change and its efficiency'. Four theses are reviewed and it is found that in spite of their differences they agree on one point, namely that the traditional marketing system is better at reproducing itself and expand by adding more of the same type of institutions to the present stock than it is at changing qualitatively from within the system.

## 1. Aim and Content.

Population growth together with migration from rural to urban areas have put pressure on all types of employment opportunities in developing countries and special pressure on opportunities, requiring very little capital and few skills. As the traditional parts of the marketing system and especially the retail trade belong to the 'easy to enter' type of economic activity, the pressure for employment - especially as self-employed trader - has been severe on the distributive trades.

The aim of this article is to discuss two basic questions related to this employment pressure, namely what determines the number of traders/employment in the marketing system in the course of growth, and how is the marketing system influenced by population growth and migration of labour from rural to urban areas with respect to its structure, its ability to change and its efficiency.

The two questions are approached by presenting and discussing a number of theses on the relationship between the marketing system and employment/labour migration. Emphasis is on systems dominated by private traders and the reasoning relates primarily to the African setting, as this is the continent with which the author has most fields experience. The data used consist of findings by other researchers and own observations and data.

To create the right setting for the discussion the article is introduced by two short sections on the demography of developing countries and marketing and economic development.

## 2. The Economic and Demographic Setting.

By year 2000 world population is expected to reach 6.1 billions against a little less than 5 billions in 1985 (UN 1985). De-



veloping countries are expected to account for 78% of World population at the turn of the century against 74% at present.

In growth terms populations in developing countries have since 1950 expanded at a rate of 2.2% per annum and will expand at an expected rate of little less than 2% until the year 2000.

Although rates of this magnitude have historically been experienced before (UN 1980), it is reasonable to talk about a population explosion in the 2nd half of the 20th century due to the increase in the actual number of people. As the increase is taking place primarily in developing countries, Governments here will face an enormous task of generating job opportunities in the years to come.

To qualify the task at hand of the Governments, we might look at the present and expected future occupational structure.

The proportion of the labour force in agriculture has to no ones surprise declined from 1960-80 and increased in case of industry and services. At variance, however, with the past pattern in present developed countries, the service sector is larger than the manufacturing sector, indicating that the bulk of new employment in developing countries is to be found in agriculture due to its relative size, and in services due to its expansion.

Of interest to a study of employment in the marketing system is also that no less than 40-50% of urban employment is within the so-called 'informal sector' to which the large traditional parts of the marketing system belong (Sethuram 1980).

As to the spatial distribution of populations, urban growth was high - around 4% per annum from 1960-80. It will continue to be high (3.75-4.00%) in the years to come according to UN (1980) and by year 2000 43% against 30% in 1983 will live in

urban areas in developing countries.

About half of this increase will be due to rural-urban migration with natural increase accounting for the remaining.

The rates of urbanization (i.e. the growth rate of urban to total population) are not exceptional by historical standards, but when combined with the high rates of population increase, it is obvious that developing countries face especially severe problems in creating urban job opportunities.

Finally a brief look at underutilization reveals that open unemployment (excluding China) is estimated at 6% in 1980 (ILO 1984), with total underutilization probably in the range of 20-30% of the labour force and even larger if underutilization is defined in terms of people with unsatisfied basic needs (Hopkins 1983, ILO 1984 p. 13-14).

In economic terms measured by GNP per capita, Governments will face a challenge in merely keeping pace with the rate of population increase. From 1960-80 the annual economic growth rate was 5.5%, i.e. more than double the population growth of 2.2% (Hopkins 1983).

This average, however, covers a diversified world map with so-called NIC-countries especially in Africa experiencing growth rates below that of population increase.

The average growth rates have dropped in the 80's and the economic prospects in an unstable world market are in no way bright for the developing countries.

From this short journey into the economics and the demography of developing countries it can be concluded that the pressure for employment is and will continue to be very high especially in the urban areas. Further, that the services sector most likely will have largest incremental absorptive capacity and that

the informal sector will experience a high pressure due to its low requirements with respect to capital and skills.

### 3. Marketing Systems and Economic Development.

From a marketing point of view it is purposeful to look at economic development as

1. an increase in per capita income and thereby in consumption (ultimate demand), and as
2. a transformation of old economic structures into new (growth) structures (supply side).

In the former case focus is on producer-consumer relationship, i.e. on the consumer market and how income elasticities of demand, Engel Curves etc. influence and make and require the marketing system to change.

When viewing economic development as a transformation of economic structures focus is on the industrial markets, i.e. on producer-producer or producer-trader relationships, with emphasis on changes in division of labour occurring in the course of growth (Sorensen 1984).

Generally speaking economic development implies an increase in division of labour, whereby a new occupational structure is established at the same time as the importance of the marketing system increases in order to link what division of labour is parting. This transformation view of economic development is therefore very appropriate for a study of the relationship between marketing systems on one side and employment and labour migration on the other.

Furthermore the transformation view also gives us an opportunity to study marketing system development in a transformational but non-growth economy. Not all transformations of the

economic structures lead to economic growth, but surely all will change the division of labour and thereby the role of the marketing system.

A second important distinction to make in this study is related to the concept of 'efficiency'.

Economic efficiency defined as minimum marketing costs given supply and demand, has traditionally dominated marketing studies, but such a static way of looking at the marketing system is not suitable in a development context.

In a developmental or transformational context we need to look at the dynamic aspects of efficiency. Analytically we can distinguish between two forms of dynamic efficiency, namely the capacity of the marketing system to change from within and lead changes in demand and supply and secondly the ability to adapt to changes in supply/demand.

In the former case we will see the marketing system on the barricades, trying to create demand and supply. In the latter case, the marketing system is responding to outside pressures.

In this article we will be primarily concerned with dynamic efficiency and in the light of an employment pressure we will especially look at the capacity of the marketing system to change either quantitatively, i.e. by adding more of the same type of institutions to the present stock or qualitatively, i.e. reforming the marketing system.

Finally in relation to changing the marketing system, the terms 'traditional', 'improved' and 'modern' will be used. The term 'traditional' has no negative connotation, but means the well known and at present dominating marketing institutions (e.g. public markets) and practices (e.g. bargaining).

The terms 'improved' is used in the sense of making the present

system better and the term 'modern' is used when we speak of new types of institutions and practices such as in case of supermarkets.

## PART I. THE LABOUR ABSORPTIVE CAPACITY OF THE MARKETING SYSTEM.

### 4. Labour Absorptive Capacity of the Marketing System in course of Growth.

In this section we will deal with the first main question this article intended to discuss, namely the absorptive capacity of the marketing system in the course of growth. Shere observation tells us that there is a multiple number of traders in developing countries, but are there too many? Our starting point will be the Clark-Fisher thesis.

The Clark-Fisher Thesis states that the economic growth is usually accompanied by a decline in the number of people engaged in agriculture relative to the number engaged in manufacturing, which in turn declines relative to the number engaged in services (Fisher 1933 and 1952, Clark 1951).

An economy is thus expected to move from (subsistence) farming via an industrial economy to a service economy.

The thesis has been much debated over time and a number of studies made to verify or falsify it and its applicability in case of developing countries.

These studies (Sabolo 1975, UN 1980) have indicated that "... the process Clark observed in the currently more developed countries has only partial relevance to conditions in the less developed countries." (UN 1980, p. 63).

As already shown in section 2, a larger proportion of the labour

force has been absorbed by the tertiary compared to the secondary sector in most developing countries.

In explaining this tendency it has been pointed out that the manufacturing sector is more capital intensive in developing countries compared to present day developed countries, when they were starting industrializing.

It is also argued that a shift in income elasticity of demand for services has taken place. The elasticity of demand for such services as education, health care, travel etc. is lower than what is anticipated according to the Clark-Fisher thesis. To this is added the large number of public employees, as a consequence of a more comprehensive role in development played by governments in developing countries of today compared to the developed countries in the past. Mentioned is also the demand from developed countries for recreational facilities in developing countries.

In short, the modified occupational pattern in developing countries can partly be explained by different ways of organizing society and the fact that history does not repeat itself.

The debate for and against the Clark-Fisher thesis can also be seen as an outcome of methodological weakness in the tripartite classification of all economic activity. Especially the tertiary sector comprises a rather heterogeneous group of activities and as marketing 'services' are included in this group, we will take a closer look at this sector.

Already Bauer & Yamey in 1951 questioned the validity of the Clark-Fisher thesis and proposed an almost opposite state of affairs.

The Bauer-Yamey Thesis states that the proportion of resources engaged in tertiary production, notably in trade and transport, is likely to be high in the early stages of economic development.

This means that Bauer and Yamey expect the rate of growth in employment in the marketing system to be higher than in other sectors, notably industry in the early stages, whereby the ratio of marketing to total employment increases.

Using primarily a deductive method (because of non-availability of statistics to illustrate their point of view), Bauer & Yamey had four main arguments in favour of their thesis:

1. Not all tertiary products have a high income elasticity of demand.
2. An extensive use of labour instead of scarce capital is taking place in the distributive trades.
3. Many marketing facilities are required to establish an exchange economy, i.e. to commercialize the economy and increase specialization.
4. The structure of production (dispersed small-scale farmers) and consumption (consumers with low outreach, who shop frequently and buy on a small scale) as well as the modest standard of the economic infrastructure demand many marketing facilities.

Thus the large number of traders observed by Bauer & Yamey in their studies of West Africa is to be explained by a combination of functional requirements in the early stages of growth and substitution of labour for capital and other scarce resources.

Two years later in 1953 Triantis (p. 628) proposed a tripartite classification of the economic activities in the tertiary sector a classification which clarified the Bauer & Yamey thesis:

1. Services bought by the consumers for direct consumption (e.g. a haircut).

2. services which facilitate the movement of goods and the transfer of factors of production, and
3. public services.

Triantis finds that the income elasticity of demand for services (group 1) is high, but he agrees with Bauer & Yamey with respect to the second group. This group expands "... pari passu with the development of specialisation and exchange which is characteristic of economic advancement, and therefore, more than in proportion to primary and secondary activity." (p. 630).

In 1970 Katouzian suggested yet another but similar classification. He distinguished between

1. Old services (e.g. domestic services)
2. new services (e.g. health facilities), and
3. complementary services (e.g. distributive trades).

In the course of growth demand for old services declines whereas it increases for new services which are highly sensitive to an increase in per capita income. The third group is complementary to the process of industrialization in two ways, namely as complementary factors to urbanization and as necessary links to the process of round-about or capitalistic production (p. 366).

Using these sub-groupings of the tertiary sector and having our own purpose of relating the marketing system to economic development and employment in mind, it is clear that the tertiary sector must be viewed as consisting of two principal groups of services, namely

1. Services which are bought for their own sake by the consumers. Such services are from a marketing point of view parallel to material products in the primary and secondary sectors.



2. Services which facilitate and are complementary to economic development.

Marketing activities like wholesaling and retailing belong to the latter group of tertiary activity. As an economy grows, more as well as new types of goods and services are produced and consumed which in turn require more marketing activity. Further, as the economy grows specialisation increase and the concomitant increase in division of labour demands more marketing facilities 'to close what division of labour has parted'.

From this reasoning it is clear that the Clark-Fisher thesis has little to say about the development of the marketing system. Only a fraction of marketing activity belongs to the tertiary sector in the Clark-Fisher sense. Examples are personnel services attached to the sales of certain consumers goods, which are highly sensitive to increases in income. The bulk of marketing activity is complementary to the structural transformation of the economy, i.e. the change from a predominantly subsistence economy towards a growth economy characterized by extensive division of labour. These activities do not fall naturally into any of the three sectors stipulated by Clark and Fisher. They belong to a group of their own, complementing the sectorial changes.

Thus, the Clark-Fisher thesis is questioned on two points:

1. Actual employment figures from developing countries indicate that the service sector defined as Clark and Fisher does it. grows less fast than the manufacturing sector in course of growth.
2. The tripartite classification of economic activity by Clark & Fisher does not distinguish between economic activity with a direct demand and activity like those of marketing, which facilitates and is complementary to economic development.

In accounting for point 2, we expect a rapid growth in employ-

ment within the marketing system in the early stages of development relatively to that of the manufacturing and the remaining service sectors.

To verify the reasoning by Bauer & Yamey, Triantis and Katouzian empirically is, however, difficult due to deficiencies in the available statistical material. Neither occupational statistics nor industry statistics have classifications, which can be used to demarcate the labour force or any other type of resources in the marketing system along the above lines.

The empirical evidence presented below is therefore not conclusive.

In a study of the increase in retail food in the course of growth, Stevens (1963) found for 70 low income countries a rapid increase in food retailing (as measured by % of non-agricultural labour force) at low income levels, the increase declining at higher levels of income. "High income elasticities of demand for retail food point to the likeliness of considerable strain on the marketing system during development..", he concludes (p. 1499).

Similarly, Collins (1963) in his study of Italian retailing found that the number of persons engaged in retailing per 1000 population increases with per capita income levels, but at a declining rate.

Preston (1968) - comparing the ratio of commercial employment to all employment with GDP per capita for 79 developed as well as developing countries - found: "On the balance it appears that the larger group of poor countries unquestionably have lower shares of their labour forces in commerce than the intermediate and rich countries." (p. 17).

However, he also found that also 1/3 of the poor countries had the high commercial to total employment ratios anticipated by Bauer & Yamey.

Katouzian (1970) using timer series data for a number of more developed countries (the data collected by Kuznets 1957), found that the complementary services as measured by the persons engaged in transport and commerce increases at a declining rate in the course of growth.

Finally a UN-study (1980) of more than 40 developed as well as developing countries found for the occupational group 'clerical and sales services' a rapid increase of the labour force at the lowest level of development (measured as percentage of total labour force in agriculture), increasing to 22.2% for developed countries (p. 68-69). The increase was more pronounced for the rural areas (from 2.0% to 12.4%) compared to the urban areas (from 17.3% to 26.0%).

Although more research is required, some tentative conclusions can be drawn from this analysis of demand for marketing facilities in the course of growth.

The Clark-Fisher thesis is not very useful when discussing the development of the marketing system and especially the employment within the system in the course of growth.

A distinction between products (agricultural and industrial) and services consumed/used for their own sake and complementary activities, which are necessary and which facilitate the transformation of the economy from one of predominately subsistence production to an economy with wide division of labour must be made to establish a sectorial typology useful for marketing system's analysis.

Second, the consumption pattern in present day developing countries shows some variations from the one which characterized developed countries in the past. Especially the demand for education, health care and other more collective types of services have shown to be less related to the level of income than indicated by the Clark-Fisher thesis.

Thirdly, deductive reasoning as well as empirical evidence (although not conclusive) indicate a rapid increase in the employment in the marketing system in the early stages of growth and a declining rate in the later stages.

Fourthly, as marketing activity is complementary to industrialization and urbanization and thereby specialization, demand for marketing facilities increase relatively to the secondary sector and the redefined service sector in the early stages of economic development.

Due to this increase in demand for marketing facilities considerable strain on the marketing system is expected in the early stages of growth.

The question is therefore if the rapid demand can be met by an equally rapid increase in supplies of marketing facilities, including the supply of traders. As pointed out in section two an employment pressure will assure a quantitative supply of labour. Whether the supply will have the qualitative characteristics necessary for the development of the marketing system is an issue we will deal with in the sections to follow.

#### 5. The Absorptive Capacity of the Marketing System in a Nongrowth Economy.

So far we have assumed a concomitant increase in per capita income and urbanization. As stated in section 2 per capita income increased on the average about 3% per annum from 1960-80 in developing countries. Only a few countries - primarily in Africa - experienced a fall in per capita income in that period.

The situation changed somehow in the early eighties. Per capita growth rate fell on average below population growth rates and again Africa was the hardest hidden continent.

At the same time, however, no end has been put to rural-urban migration. In fact Africa is expected to have the highest urban growth rates in the next 15 years (UN 1982).

The question is therefore, how the marketing system is going to meet this situation. We will let the discussion start from the following thesis:

Urbanization without growth-thesis: The marketing system tends to be labour intensive and under constant pressure for employment when urbanization takes place without a concomitant economic development.

Confining the discussion to locally produced foodstuffs, ILO has estimated, that growth in per capita agricultural output and in food consumption have been uniformly well below growth in overall GNP per capita. As many as 30 out of 67 developing countries for which data exist had a zero or negative agricultural growth rate from 1970-80 (ILO 1984, p. 13). The food marketing system in many developing countries is thus to perform its functions in a non-growth economy with high rural-urban migration.

In more details the consumption/purchasing and the production of foodstuffs in a non-growth economy can be described as follows:

Urban Areas:

1. An increase in urbanization in a few big cities with from 5-20% of the population and a larger number of semi-urban areas.
2. Low income of which more than 50% is used to pay for food.
3. Few means of transportation and no storage space at the consumer level.
4. Poorly developed infrastructure within the urban areas.

Rural Areas:

5. Dispersed semi-subsistence food production on a small scale.
6. Little specialization and low productivity in food production.
7. High perishability of produce and harvesting throughout the year for various food crops.
8. Long and increasing distances between urban and rural areas combined with modestly developed infrastructure.

At the consumer end of the channel, the system must be able to deliver at limited assortment of foodstuffs on a daily basis and be able to sell in small quantities at a time. Further, as the average consumer has no means of transportation, and as the psychological outreach of the consumers is low (Goldman 1974), the marketing system must reach the consumers wherever they live, work or pass, i.e. numerous functions and services must be performed by the marketing system, a fact, which necessarily will increase the costs of marketing, including payments to a large number of sales people.

At the other end of the channel, production of foodstuffs takes place on partly subsistence and small scale farms, widely dispersed and characterized by low productivity, all of which makes the collection of foodstuffs cumbersome and expensive.

Further, enough food for the larger and larger urban areas can only be secured by moving further out in the bush and buy from as yet uncommercialized farmers, or by cultivating new land (if available) by establishing new settlements, using traditional farming practices. Both situations will increase physical distribution costs, including losses due to the long distances and transportation time.

To this can be added that the undeveloped infrastructure in the rural areas, between the rural and the urban areas, as well as within the cities increase the marketing costs.

Only in case of transportation from rural markets (centers of collection) to urban central markets do we find economies of scale, which, however, is often revoked, due to poor infrastructure and lack of means of transportation.

In this structural situation, the supply of food to urban areas has rightly been called the most challenging for the marketing system (Mittendorf 1978). But what can be done in a situation, where the production structure and practices as well as the consumption pattern change very little and according to demographic rather than economic variables (UN 1982, Ch. 15).

If nothing is done the marketing costs measured by its share of the consumer price will tend to increase over time as urbanization proceeds. In practice this increase might be superseded by an even larger increase in the consumer price due to scarcity of food. Analytically it is important to distinguish between the two components of a food price increase, as the former is functional and the latter institutional determined.

Of course the possibility of increasing productivity in the marketing system itself exists, but as both the supply and the demand sectors are non-dynamic, this solution is less obvious.

It is more likely, that the present marketing system will be expanded by adding more of the same type of institutions to the present stock - perhaps with some smaller changes in the marketing internal division of labour (Bucklin 1972).

Alternative institutional arrangements like a co-operative movement or state trading organizations (STO) are also possibilities. They have, however, not proven successful for a number of reasons of which their overheads, inflexibility, low reach in case of STC make them unable to perform the marketing functions efficiently in the stipulated situation.

Thus, the conclusion is that in an urbanization but non-growth

situation the present labour intensive marketing system will tend to be expanded by adding more of the same type of institutions to the present ones. As there is a continuous pressure for employment especially in the traditional sectors, there will be no labour supply problems and no reason to believe that present economic efficiency will decrease.

Further, the same overall quantitative expansion of the marketing system will take place in a non-growth economy as in a growth economy assuming a strong rural-urban migration process. The difference in the two situations is primarily one of quality rather than quantity. But as we shall evidence in the following, even qualitative changes are difficult to make, when the employment pressure is high.

## PART II. EMPLOYMENT PRESSURE AND THE STRUCTURE OF THE MARKETING SYSTEM, ITS ABILITY TO CHANGE AND ITS EFFICIENCY.

The theme for the following four sections is the second main question of this article, namely how an employment pressure influences the structure of the marketing system, its ability to change and its efficiency.

The discussion will take place around four theses identified within marketing theory as well as in economic development theory in general.

### 6. The Marketing System as a Stepping Stone for Migrants.

Economic development is closely related to industrialization and urbanization with labour being relocated geographically and economically. These labour movements are given much attention under the headings of 'migration' and 'circulation', the former defined as any permanent change of residence from one location to



another, and circulation defined as movements which ultimately conclude in the place in which they began (Prothero and Chapman 1985). We shall confine the discussion to migration, relating it to the marketing system by way of:

The stepping stone thesis, which states, that the traditional parts of the marketing system (the market place, kiosks, street vendors etc.) form a stepping stone for migrants as they move from the rural areas and go through the process of urban integration before they shift into the modern wage sector (Moser 1977 and 1978).

The stepping stone thesis is closely related to the concept of the dual economy. Following this concept, a developing economy consists of two sectors, a traditional or outmoded one and a modern sector, which eventually will prevail. A dual economy is seen as a natural stage in the modernization of developing countries, and the primary connection between the two sectors is a movement of surplus labour from the backward to the modern sector, with labour being attracted by rural-urban differences in actual earnings and at a rate proportional to the rate of capital accumulation in the modern sector (Lewis 1954).

As illiterate and unskilled migrants cannot move directly into the modern sector, they need time to adjust and time to be socialized into city life and work. To this end self-employment in for example the marketing system can be used, the system thereby forming a stepping stone and the marketing system consequently having a high degree of labour turnover.

Although captivating at face value and in accordance with an evolutionary way of thinking, the stepping stone thesis has some weakness.

In her study of Bogotá traders (see figure 1) Moser finds that rather than being a stepping stone, small scale marketing is a 'refuge occupation' and terminal station with a fair degree of

recruitment in and very little movement out (p. 485). The very few upward mobile traders use their accumulated capital to expand into more lucrative trading like a shop, wholesaling etc., rather than becoming an employee in the modern sector (see also Bromley 1978b).

Also my own study of Ghanaian foodstuff retail traders (Sorensen 1978) reached the conclusion, that trade is more likely a professional occupation than a stepping stone, From figure 2 it appears clearly, that in this occupation, dominated by women, trade is 'inherited' from mother to child, so that the present day traders have acquired a lot of trading experience, before they start trading on their own.

To throw more light on the stepping stone thesis we might take a closer look at theories of rural-urban migration. Bonnevie (1983) have reviewed the major migrant theories.

Oversimplified the theories can be grouped into two according to the weight they put on 'pull' or 'push' factors.

The push explanation has its starting point in the social forces at work in the rural areas, i.e. people are expelled from the rural areas due to (ILO 1984, p. 12):

1. Land scarcity caused by population growth (demographic displacement).
2. An increase in labour productivity caused by for example agricultural mechanization (technological displacement).
3. The existence of a process of socio-economic differentiation, which forces small scale farmers out of agriculture and into a class of landless labourers or into job seekers in the cities (socio-economic displacement).

Overall the push explanation of migration has not been strongly

supported by the empirical evidence (UN 1980, ILO 1984) although cases of one or more of the three types of displacements can be found.

The pull explanation has its basis in the attraction of the city and especially the inducement from higher urban wages/incomes compared to rural incomes.

Two models of 'attraction' has been put forward. Lewis' version states as already mentioned that migration proceeds in response to urban-rural differences in actual earnings. The other model - formulated by Todaro (1976) - has the differences in expected earnings as its starting point.

The Lewis-model is at variance with the present situation in developing countries, because it overestimates the rural surplus labour. The rural areas are characterized by high seasonal unemployment and underemployment and less - although also - by genuine surplus labour which can be transferred to urban areas without a decline in agricultural production. At peak seasons (planting, harvesting), labour is in a number of cases scarce.

Further, the Lawis model cannot explain the continiously high unemployment observed in urban areas. By using expected rather than actual earnings, Torado is able to account for migration rates in excess of urban job opportunity growth rates, because rural migration takes place when "urban income times the probability of getting a job is equal to or larger than the rural remuneration". Thus, shere optimism plays a crucial role in explaining migration.

The migration theories do not provide us with direct support or rejection of the stepping stone thesis, but they make it possible to differentiate the discussion.

Following ILO (1984, p. 26) "...it remains true that rural mi-

grants usually find an income through informal activities." Using Torado, if this income is higher than rural remuneration, then people will migrate, i.e. we have a migration between two traditional sectors, irrespectively of the salaries in the modern sector.

If 'some income' is lower than actual rural remuneration but higher if the probability of getting a job in the modern sector with its higher wages is accounted for, then the informal sector might function as a stepping stone.

To this reasoning three further qualifications should be added. The first qualification concerns the migrant's attachment to the rural areas. Leaving the rural areas does not normally mean giving up 'traditional' rights and obligations in the village. There is the possibility of going back. As Torado sees urban incomes as the pulling factor, his model ought to be supplemented with the risk lowering factor of 'going back'.

The second qualification has to do with the fact that those who move into the modern sector are not necessarily quitting the informal activity. Trade is a popular 'side activity' for many employees in the modern sector. They provide the capital, management and the necessary contacts, and family labour and other trustworthy persons carry put the daily duties.

Combining point one and two, we find that job specilization is less in developing countries and instead of a stepping stone we actually have a whole path with interlinked stones and not a one way traffic.

Thirdly as the modern sector on the average requires people with more education than the informal sector the stepping stone thesis will hold primarily for the well educated, whereas others will, as Moser (1977) stated, have the informal sector as their terminal station a situation which will tend to reproduce the traditional marketing system.

In conclusion, although the stepping stone thesis contains some truth, it is not completely valid. If it was, an important economic sector would be in the hands of and run by people with very little trading skills and without the devotion to become professional traders. Obviously the regular supply of food to for example a one million city would be endangered if left to such amateurs.

The analysis has shown, that this is not the case. Trading is often inherited and a number of migrants remain in the informal sector, because they earn more than in the rural areas. Others do not have the skills to move into the modern sector, and the more educated, who move into the modern sector, do not always abandon their trading business. They run it alongside their formal job - often with great success because of access to various resources through their new job.

#### 7 A Marketing System with Autonomous Growth.

The autonomous growth thesis states that the traditional marketing system can be developed if a number of constraints, including direct discriminations against it are eliminated.

Following this thesis public market places and other traditional marketing institutions in developing countries are not outmoded and less transitional than claimed by earlier versions of the dual economy model.

The thesis dates back to the ILO World Employment Programme launched in 1969. This Programme substituted the dominating growth through industrialization strategy with an employment strategy, proclaiming the basic development problem to be one of productive employment.

Based on Hart (1973), Bairoch (1973) and a number of ILO country studies (Moser 1978, Kitching 1982), ILO clarified the con-

cept of 'informal sector activity' and designed programmes, which aimed at increasing employment in rural and urban sectors of small scale production and service activities. The proposed programmes were not work schemes, but consisted of labour intensive activities, which can be made more productive and remunerative by appropriate technological improvements.

Thus, unlike earlier dualist models of the economy, ILO does not see the informal sector as outmoded and without any role to play in development. Quite the opposite, the informal sector is seen as having a development potential of its own.

The question is, how does this ILO thinking relate to marketing activity in developing countries?

ILO was preoccupied with informal production activities and not with the distributive trades.

As large parts of the marketing system in developing countries is in accordance with the concept of informal sector, there is, however, no reason to believe that the ILO way of thinking should not be applicable in case of marketing activity as well.

In so doing, the programmes aiming at maximizing the labour system and improving productivity of the system must fulfill the following three conditions:

1. Change the attitudes towards traders away from viewing them as parasites.
2. Eliminate discrimination against the traditional marketing system.
3. Improve the structure and facilitate the working of the traditional marketing system.

Very few developing countries view traders as performing essential social tasks. They are normally looked upon as parasites

exploiting consumers and farmers alike. Government policy has consequently been one of doing away with or controlling private traders, and a certain change in attitudes is therefore a prerequisite for implementing the ILO-approach.

As a consequence of these negative attitudes, traditional traders have been discriminated against, favoring in their place the formal sector marketing institutions and co-operative marketing activity. The ILO-approach demands the elimination of such discrimination, rendering traditional traders an equal access to resources (credits, supplies, margins etc.).

Finally to improve productivity the ILO-approach would require programmes, which improve the physical infrastructures, which facilitates the exchange process itself and which contains the necessary support services such as training, credit and advisory services.

Not many programmes have been established along these lines.

FAO initiated a programme in Asia aiming at upgrading rural markets and thereby making them play an innovative role in agricultural development (Mittendorf 1982).

Similarly Bucklin (1977) in his analysis of Asian food retailing discarded what he termed 'the high technology approach' and advocated a strengthening and improvement of traditional methods as a way to improve food retailing in developing Asian countries.

If the ILO-programme succeeds the expectations are that the marketing system will be labour intensive at the same time as the removal of constraints and the provision of support services will raise its productivity. But can it succeed?

The pressure for employment - the actual reason for establishing the ILO-programme - will be there, rendering us with an in-

exhaustible source of labour to keep the system labour intensive with numerous small scale trading units. No one can imagine that the demand for marketing facilities will increase to an extent, where the supply side will lack behind demand.

The crucial question is therefore, how to raise output, productivity and accumulation per trader within such a labour-intensive system.

Historically the ILO type of programme is not given many chances of success. Following Kitching (1982) the ILO employment programme is one of the latest link in a long chain - beginning in the last century with Sismundi (1815) - of populist versions of development. Although rather pragmatic and based on economic reasoning rather than morales and sentiments, the ILO-programme contains the basic elements of populist thinking, namely a society built upon equality, small scale undertakings, decentralized economic structures and widespread participation in the decision making process.

Policies and programmes based upon this social formula have never been the engine of development. Its role - and this is also an important one - has been one of corrective action against the dominating formula - that of large scale undertakings, urbanisation, power concentration etc.

So much for the long run perspective. In the short run it is obvious that Governments can do more to improve the functioning of the traditional marketing system than they have done so far, but the results are not coming easy.

It is also doubtful if it is possible to increase productivity and especially accumulation in certain parts of the marketing system, e.g. traditional food retailing. The structure of the system comes close to that of the perfectly competitive market and such a system can only and barely reproduce itself. There



is no room for accumulation and expansion (see also section 9).

It is less doubtful that the informal sector is competitive vis-a-vis the formal sector in a number of instances and for a number of reasons, i.e. there are small scale advantages as well as economics of scale (Kitching 1982).

Tokman (1978) for example found that foodstuff traders in Santiago, Chile were able to compete with and even oust formal sector enterprises like supermarkets.

Secondly, attempts by a Government to channel resources into a system of small scale resource-weak units have proven to be difficult. The resources inevitably ends up in the pockets of the well-to-do people in casu large scale traders, who thereby strenghten their control over the small scale traders.

Thirdly, it is questionable if the informal sector is as autonomous as the ILO-programme let us believe. ILO is not ignoring informal-formal sector links, but they view them as benign (Moser 1978) rather than detriment to the development of the informal sector, if the latter gets the proper attention and is backed by relevant programmes.

Thus, there is room for improvements in accordance with the ILO-philosophy, but a labour-intensive traditional marketing system under high employment pressure can never be an engine of growth.

#### 8. The traditional Marketing System as a Structural Appendix to the Morden Sector.

The structural dependency thesis states, that the traditional marketing system is subordinated and a structural appendix to modern capitalist and administered sectors (Moser 1978).

The ILO employment programme mentioned in section 7 has been termed 'progressive modernization' (Moser 1978, p. 1046) and 'neopopulism' (Kitching 1982, p. 70-84). This leaves room for a more leftist critique of the informal/formal sector concept and the ILO approach to development. Such critique has been delivered by Moser (1978) and in more modest form by Bromley 1978b. Both interpretations have been reviewed by Tokman (1978).

Unlike the dual economy model, the structural dependency thesis focus more on what links than on what parts an economy. It acknowledges that an economy might consist of different production and distribution systems (modes of production), but rather than emphasizing what categorizes each of them, focus is on the relationship between them, i.e. how they articulate.

Moser (1978) finds that the vast majority of small scale production and trading enterprises in urban areas can be characterized as 'petty commodity production', and her approach - the petty commodity approach - is based on but modified compares to Marx's analysis.

The modern sectors - comprising both capitalist and administered sectors - and the petty commodity production sectors are functionally integrated. The diversity of petty commodity production activities are on the one side a necessary appendix to the modern sector, carrying out functions which are unprofitable for the modern sector. On the other side the petty commodity producers and traders are constrained from expanding their business as they are not left with any economic or political room of their own to accumulate capital. The relationship is thus exploitative in nature.

More particularly, the petty commodity traders provide the modern sector with labour intensive trading services, work long hours and reach all corners of the economy. The remunerations for these services are low and the alternatives are non-existing for the majority of traders (Bromley 1978b).

The relations between the modern sector and the petty commodity traders are numerous and diverse. Generally speaking the subordination stems from the modern sector's control over resources, primarily materials and commodities, but also credits, licences etc. The actual contractual arrangement between traders and the large scale modern manufacturer varies according to supply-demand balances, the type of goods, the strategy by the manufacturer etc.

The relationship is not static. It develops according to the needs of the modern sector. If new sub-sectors within the modern sector are developed, they will need new services from the petty commodity traders or if a present petty commodity production sector is taken over and expanded by the modern sector, new areas for sub-contracting and other petty commodity activity will arise.

An unresolved issue is, whether the petty commodity production and trading activities are transitional. In Marx's analysis the petty commodity production mode was traditional, but Moser (p. 1057) finds little indication that it is losing momentum in present day developing countries.

Related to the marketing system two conditions indicate that petty commodity traders neither in the short run nor in the intermediate run will disappear. The first condition is, that there will due to the employment pressure, be enough traders to take "...the opportunity of offering themselves to be 'exploited'." (Moser 1978, p. 1058). The second condition is, that supplies will often be scarce, creating a seller's market and thereby rendering the manufacturer larger control over the traders.

If supplies are less scarce, i.e. if we have buyer's market the modern sector's dominance will be less outspoken, but it will still have the last word to say as the pressure to becoming trader is high.

Thus, the structural dependency thesis emphasizing vertical

linkages rather than competitive forces leaves us with a labour intensive marketing system with no autonomy of its own and a 'dynamics' directed by the modern sector.

#### 9. Employment and the Structure/Conduct of the Marketing System.

Traditional micro economic reasoning foresees a direct relationship between market structure and market conduct. (Mueller 1959 and Scherer 1980). We shall argue, that the relationship is ambiguous in a development situation.

##### Structure.

The question of market structure will be discussed along a horizontal and a vertical dimension.

As to the horizontal or competitive dimension, there is a wide agreement among researchers, that the structure of especially food marketing system in developing countries approximates that of the perfectly competitive market, at least in terms of the number of traders, the lack of barriers of entry and less as to the free flow of information (Riley and Straatz 1981, Lawson 1966, Ruttan 1967). Considering the pressure for employment, this is of no surprise. No quantitative problems is therefore expected in meeting the demand for more traders, and in case of food marketing it has often been shown that the supply of marketing facilities approximates perfect elasticity.

Problems might however for two reasons arise from the need for qualitative changes of the marketing system in the course of development.

First of all, a number of potential traders (e.g. the migrants) command little capital and trading skills. They therefore tend to establish themselves as retail traders, where the barriers

to entry are low, i.e. they become small-scale traders, who are barely able to reproduce their business and sustain a living from their trade. The expansion of the marketing system is therefore primarily of the quantitative type, i.e. we have "more of the same" type of marketing institutions added to the existing stock.

This is not the ideal situation, as a growth process requires the marketing system to be improved and modernized to be able to carry out the many new marketing tasks.

For example, as the peasant are drawn into the national economy, it is essential to establish a channel of distribution for agricultural inputs and implements. This is a complex task, and Ruttan (1967) found that the supply of marketing facilities for agricultural inputs was less perfect than in case of food, reflecting the scarcity of traders with capital, managerial capacity and knowledge of the usage of modern agricultural inputs (see also FAO 1983, Mittendorf 1979 and 82).

Secondly, the perfectly competitive market constitute the optimal state of affairs within a micro economic framework, but it has its drawbacks if looked upon from a development point of view. The perfectly competitive market is not able to accumulate and invest to reform itself. It will in the main reproduce itself and reforms will tend to be introduced from outside by means of Government intervention or private investments by outsiders as in the case of Italian retailing (Collins 1963, p. 388-90), the result often being a dual marketing system (Moser 1977, p. 486-87).

In most studies this aspect of the competitive system is ignored. Emphasis is instead on marketing costs in the light of the multiplicity of traders and on various malpractices on part of the trading community (Galbraith and Holton 1955, p. 1-4, Harrison et.al. 1974, p. 83-86).

This preoccupation, with measuring static efficiency rather than looking at the dynamics of economic development, has clearly been pointed out by Riley and Weber (1979), who quote Harriss (1979) for terming the preoccupation with static micro economic models as "fetishism of competition".

Thus, although labour is available in abundance, the marketing system might be a strain on development for two reasons:

1. Parts of the marketing system - especially food retailing - is so competitive that traders cannot accumulate capital to expand and modernize the marketing system from within. Reforms are induced from outside.
2. Parts of the marketing system - for example the channel for farm inputs and implements - require capital, managerial and agricultural know-how not easily available among 'traditional' traders.

Looking at the vertical structure, i.e. the structure of the chain of production and trade, we observe concentrated links like wholesaling facing fragmented links like retailers and consumers and also for example farmers if they have not formed co-operatives to increase their bargaining power.

As always - and especially in a scarcity situation - concentrated links with few supplies/buyers are able to dictate the terms of exchange, whereby we have an economic differentiation not just between the modern and traditional parts of the marketing system as discussed in section 8, but also within the traditional parts of the marketing system.

Moser (1977) found in her study of Bogota traders that rather few traders are able to accumulate and that the upward mobility is very low. Bromley (1978b) concluded from his study of Cali traders that, "Both socially and economically, the dominant links which affect street traders are vertical rather than

horizontal, and 'proletarian' or 'subproletarian' solidarity against elite interests is little more than a dream".

The vertical structure analysis leaves us with two conclusions:

1. the employment pressure is primarily on certain parts of the marketing system, i.e. the parts requiring the least skills and capital.
2. certain parts of the traditional marketing system, notably the wholesalers are able to accumulate and thus possess the financial resources to improve the marketing system from within as well as to control the small scale traders.

#### Conduct.

While some agreement as to the actual structure of the marketing system exist, this is not the case with conduct.

One variant of the Structure-Conduct thesis states that the business formula used by and the business attitudes of the traders allow for the marketing system to be overmanned, and thereby overly costly and inefficient.

Galbraith & Holton (1955) and Holton (1953) found their study of Puerto Rico, that the reason for this overmanning is less, that people are drawn into trade by the normal attraction of Wages and profits, but they are propelled into trade by the absence of any alternative opportunity.

This overmanned system leads to 'a high margin-low turnover' business formula, and a number of factors seems to prevent a change to a mass marketing formula: 'Low margin-high turnover', i.e. preventing a change in the attitudes of the traders towards innovation and expansion. The causes of this situation are following Holton (1953):

- food retailers are convinced of the inelasticity of their demand curve.
- food retailers are not motivated to expand, i.e. they are satisfied with the present income.
- food retailers do not possess managerial capacity to expand and trustworthy employees are difficult to find.

Thus, there is a lack of entrepreneurial spirit and a live and let live attitude, which allow for the marketing system to be overmanned.

Harrison et.al. (1974) when summarizing their studies of several Latin American countries came to the same conclusion: In spite the presence of the structural conditions for a competitive market, the competitive pressures do not lead to improved efficiency and better management practices. 'Rather, they result in increasingly conservative business practices' (p. 86).

Another variant of the Structure-Conduct thesis reach the opposite conclusion.

Bauer and Yamey (1954) in their studies of West Africa argue at length against public reforms of the marketing system on the ground of its present competitiveness, and Reusse and Lawson (1969) in a detailed study of traders in Accra, the capital of Ghana, found, that the food trade is highly competitive, traders entrepreneurial and the supply of marketing facilities approximating perfect elasticity.

The same conclusion is reached by Ruttan (1967) in his studies of South-East Asian countries, where product markets, by and large, appear to transmit prices from one level to another and over space in a relatively efficient manner.

Ruttan (1967) goes as far as to be enclined to treat the structure-conduct approach to product market reform as a dead end, and he argues, that more can be gained by improving the technical efficiency, e.g. by improving the road network than by



looking at the structure and any malpractices on part of the traders.

The consequences of the described business practices in Latin America are clearly high marketing costs and thereby high food prices to the urban consumers. This situation calls for a reform of the marketing system.

Due to the attitudes of the traders and their business practices such reform will not come from within. The vital question for the majority of traders is, how to stay in business, being caught as they are in a vicious circle of small amounts of capital, uneconomic wholesale buying and very little profit. Rather than expanding the business, the majority of traders face the problem of how to get back into business, when illness and other temporary misfortunes have eaten up their small trading capital.

A reform might be initiated by the Government, for example by means of restricting the number of licences or by establishing state trading organizations and thereby expell private traders. As such a reform will result in an increase in unemployment, because the squeezed out traders have no alternative employment, a Government will be reluctant to initiate any reforms. It will tend to let the marketing system continue to function as an unemployment relief system.

A third way of reforming the system is to increase production. The difficulty here is, that the described business practices do not encourage producers to produce more, but if a supply pressure can be established, it will eventually force the traders to change to a 'low-margin-high-volume' business formula.

In conclusion the structure-conduct model is found to be ambiguous in the sense that the same overall labour-intensive structure gives two types of conducts - one based on an entrepreneurial spirit and one on a live and let live attitude.

The static efficiency is clearly different in the two situations, but both lack the ability to change. The competitive system is constrained by a lack of possibilities for accumulation to be used in expansion. Only big scale wholesalers possess capital enough to expand.

The 'live and let live' system are satisfied with things as they are and takes no initiatives to change the system.

### Summary and Discussion.

Two basic questions have been discussed in this article, namely how much labour can the marketing system absorb in the course of growth and how does a pressure for employment influence the structure of the marketing system, its ability to change and its efficiency.

By looking at demographic statistics for developing countries it was found that populations grow in the range of 2-3% per annum and that such growth rates invariably put pressure on all types of employment but especially pressure on jobs requiring little formal skills and capital and on urban jobs due to large scale migration. From these observations it was concluded that especially traditional parts of the marketing system would be attractive for many as a way to sustain a living.

The question is, however, how big is the labour absorptive capacity of the marketing system? It was found that the Clark-Fisher thesis is not very useful, when analyzing the development of the marketing system

Following this thesis economic growth over time is accompanied by a decline in employment in agriculture relative to the number of people engaged in manufacturing, which in turn declines relative to employment in the service sector.

Marketing activities belong according to the thesis to the service sector and the major growth of the marketing system is therefore expected to materialize relatively late in the growth process.

It is suggested that the service sector is divided into two: 1. services, which are produced and used for their own sake such as a hair cut and health care services, and 2. complementary services, which are necessary for and which facilitate the transformation of the economy from one of the predominantly subsistence production to a commercialized economy with a wide division of labour. The former group of services can be analysed using the "normal" toolset, including income elasticity of demand. The second group is derived from the need for and direction of the commercialization of the economy, reflecting the structural transformation of the economy.

By distinguishing between these two types of services it is possible to resolve the conflict between the Clark-Fisher and the Bauer-Yamey thesis. The latter holds that employment in the service sector and especially in distribution and transport would be comparatively high in the beginning and decline relatively in the course of growth.

The argument in favor of a fast growing complementary service sector and thereby of a marketing system in the early phases of economic development are:

1. Many resources are needed to commercialize an economy.
2. In the early phases labour is substituted for (scarce) capital in the distributive trades.
3. A modest infrastructure requires many resources to link producers with consumers/users.
4. The channels of distribution are long due to dispersed and small scale production and due to consumers, who buy frequently and in small quantities at nearby markets/retail outlets.

Following this reasoning we expect marketing employment to increase relatively to other economic sectors in the very early phases of economic growth and commercialization of the economy with the rate of increase declining in the later stages.

This general pattern of employment within the marketing system is also expected in non-growth economies, the reason being that rural-urban migration continues in spite of a zero or even decline in per capita income. Such a situation also commercializes the economy, makes the channels of distribution longer and tend to perpetuate the 'traditional' labour intensive marketing institutions, because little changes in labour productivity and consumption pattern take place.

Turning next to the question of how the employment pressure influences the structure of the marketing system, its ability to change and its efficiency, four theses were presented and discussed.

The stepping stone thesis seeing the traditional marketing system as a stepping stone for people on their way from rural traditional to urban modern employment, was found not to be overall valid.

The marketing system is generally run by professionals, a few of which are able to expand their business. There is a recruitment into the marketing system, but little movement out in the sense of getting a job in the modern sector. In fact moving out in the sense of going out of business is much more likely than moving to a job in the modern sector.

The autonomous growth thesis viewing a labour intensive marketing system as having a growth potential of its own has the advantage of legitimizing a labour intensive marketing system, but it was found that its autonomous growth potential is overestimated.

The structural dependency thesis view traditional trading as 'petty commodity economic activity', integrated in but dominated by the modern sectors. The low cost, non-accumulating marketing system is kept alive as long as its services are needed by the modern sector and as long as enough people offer themselves to be exploited due to the employment pressure.

The structural dependency thesis contrasts with the structure-conduct model, as the former explains the labour intensiveness of the traditional marketing system by the vertical linkages between formal and informal sector activity and the latter explains it by way of competitive forces.

The structural-conduct thesis favours competition, but tend to focus on structures, which increase static efficiency and leave too little room for accumulation of capital to provide the marketing system with a dynamic efficiency.

On conduct, ambiguous results were found for the same overall labour-intensive marketing system, some traders being entrepreneurial and some having a live-and-let-live attitude to their trading business.

The four theses reviewed and discussed have a very different approach to and understanding of the marketing system in developing countries and a different explanation of its labour-intensiveness in particular.

The structure-conduct thesis view the labour intensiveness as basically an imbalance between the supply of traders versus the demand for outputs from the marketing system.

The stepping stone thesis also looks at the labour intensiveness as a problem of imbalance, but between the supply of labour and job opportunities in the modern sector, leaving the marketing system as a place for temporary stopovers for migrants and others who aim at jobs in the modern sector.

The autonomous growth thesis sees the labour intensiveness as a potential growth basis of its own rather than as a problem, whereas the structural dependency thesis finds that the traditional marketing system has no role of its own to play. It is a structural appendix to the modern sector.

The very different approaches and understandings apart, the four theses agree on one point:

The marketing system in developing countries is better at reproducing itself than it is at changing. Expansion of the system tends to take place by 'adding more of the same' institutions to the present stock rather than 'establishing new institutions'. As change is a key word in development let us summarize the arguments of constrained qualitative changes:

1. The employment pressure from people with few skills and little capital tend to establish numerous small scale trading business.
2. The conduct of the traders are in certain areas less entrepreneurial.
3. The structure of the marketing system - the perfectly competitive market - does not allow for accumulation and investments in new type of marketing institutions.
4. The monopolistic structure of the modern sector squeezes the profit of the traders.
5. The marketing system itself is differentiated with few large scale wholesalers, who are in control of numerous small scale retailers, struggling to stay in business.
6. Attempts to channel resources into poorer parts of the marketing system in order to improve the system invariably end up in promoting the better-off parts of the system.

Thus, overall it can be concluded that the pressure for employment tend to support a 'more of the same marketing institution-thesis' and thereby constrain the development of new marketing institutions so important in the course of growth.

This does not mean that developing countries have no marketing system change agents. Only that the change will come less from within the marketing system itself. Changes from outside have three main sources:

1. Former traders, now employees in the modern sector, have the capital, skills and contacts needed to establish new types of marketing institutions.
2. The modern sector invests in marketing facilities as these become profitable in the course of growth.
3. The Government promotes establishment of new marketing institutions and improvements of the present system.

Although the present marketing system is better at reproducing than developing new institutions, it is not totally outmoded as some seem to think. The present marketing system needs to and can be improved, but it is hardly possible to think of a system, which is better at reaching all corners of supplies and demands and a system which is flexible in the sense of being able to expand and contract quickly when supply and demand changes. New so-called modern marketing institutions are viable only if demand/supply fluctuate less, producers larger and less dispersed and consumers having more purchasing capacity.

Looking finally at government policies, it is clear that no panacea can be offered, but the analysis has shown that the following must be taken into account when formulating a marketing system policy:

1. The pressure for employment in the traditional marketing system is a structural feature which cannot be done away with in the near future or even in the medium term.
2. The pressure for employment will enable the traditional marketing system to expand quantitatively at the same time, as qualitative changes will tend to be initiated from outside.
3. In the early stages of growth, the government should be con-

cerned less with expanding the marketing system (except in the sense of infrastructural expansion) and more with improving the system to facilitate transactions and commercialize the economy.

4. Due to the pressure for employment, the government policy should be less concerned with static and more concerned with dynamic efficiency, especially in the sense of letting the marketing system promote the commercialization of the economy by allowing the traders a reasonable margin.
5. Governments must be aware, that resources, channeled into a traditional marketing system, will tend to reach the better off traders and thereby further the socio-economic differentiation of the system.
6. The government should also be aware of the necessity of a coordinated and simultaneous development of distribution channels, linking the rural with the urban sectors.



Figure 1: Summary of the Sellers and their Work Histories:  
Market Sellers in Bogotá, Colombia 1970.<sup>1)</sup>

	Age:	Old	Young
Sex:			
Women		Almost half entered when over 40. Forced to enter due to lack of means of support. No means to expand: "We come into the market to die". (= downwardly mobile)	More than half entered when younger to support themselves. No means to expand, but tend to remain economically static.
Men		Half entered when over 40, because physically unable to continue as agricultural labours of forced out of wage labour. A few come with accumulated capital to trade on a larger scale and expand, others "come to die".	Enter trade as the best option. The group with the best changes of upward mobility, i.e. into more lucrative areas of selfemployed retail marketing (e.g. a store).

1) Based on Moser (1977)..

Figure 2: Summary Profile of the Work Histories and Economic Position of Foodstuff Traders in Accra, Ghana 1978.<sup>1)</sup>

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1. Number of respondents	113 <sup>2)</sup>
2. Female traders	96%
3. Brought up by a trading mother	80%
4. Wanted to become a trader: Total	80%
5. Wanted to become a trader: Mother not a trader	50%
6. Reasons stated for becoming a trader: <sup>3)</sup>	
- Lucrative	20
- Foodstep of mother	17
- Interested in trading	16
- No other opportunity	15
- Independence and care for own self	16
7. Typical trading history:	
- Children (up to 15): Some trading experience primarily from hawking	82%
- Before starting on their own: Engaged in trading of which 2/3 were hawkers	80%
- As indepent trader: Average number of years	11 years
8. Percentage of traders, who have been out of trading for 1 year or more	30%
of which: a) death in family	13%
b) own illness	8%
9. Spread of Economic Activity:	
Pure retailers: 2/3.	
Very little horizontal integration is found.	
About 1/4 also operate as wholesalers (vertical integration)	
About 1/8 also undertake other economic activity (diversification).	

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1) Based on Sorensen (1978).

2) Of which 60 are market traders, 25 are wayside sellers, 11 hawkers, 5 with stalls outside supermarkets and 12 kiosk operators.

3) No. of respondents, who wanted to become traders (88 out of 113).

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