

EMPLOYMENT STATUS AND EARNING FUNCTIONS IN URBAN INFORMAL SECTOR: A Case of Southern Punjab, Pakistan

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Importance of the informal sector which provides a large chunk of GDP and employment to the economy has been widely recognized in Pakistan. The objective of the study is to examine the impact of human capital and other socio-economic variables on earnings of self-employed, wage earners, and the workers engaged in trade, services and manufacturing activities, especially in the urban informal sector through descriptive and empirical analysis. The study is based on primary source of data collected by conducting field survey selecting three divisions: Bahawalpur, Multan and Dera Ghazi Khan, as major study areas. A sample of 3,000 informal sector workers was collected from urban areas of the Southern Punjab, Pakistan. For this purpose, firstly, the sample has been divided into self-employed and wage earners and then into three groups of activities i.e., trade, services and manufacturing. There is a serious need to provide more opportunities for productive employment to a large number of participants of the urban informal sector.

I. Introduction

The informal sector has emerged as a prominent issue for researchers and the policy makers in developing and developed countries. Informal markets determine the cooperative entrepreneurship to make people economically and politically strong, all over the world. The informal sector has potential to face sufficiently, the escalating unemployment problems in Pakistan. Easy access, low skills and necessary investment in the informal economic activities increase stocks and the existing financial resources; thereby, there is annual addition in the workforce too. Informal Tsector also has the potential to absorb a large number of rural and urban workforce and as it contributes significantly towards skills development of the workforce.¹

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1 Ghayur (1994).

The employment causes economic development and poverty reduction in the informal sector. The estimates shows that share of the informal sector is about two-third (64.6 per cent) of employment in the main jobs, outside the agriculture sector. Activities of informal sector accounts for a significant proportion of total employment and income generation. The male participation is relatively higher in the informal sector. The estimates also indicate that informal sector accounts for 38.9 per cent of the wholesale and retail trade, manufacturing is 22.3 per cent, and 10 per cent is for community, social and personal services.²

The informal sector has been defined as wage and self-employment which include the wage workers and self-employed persons engaged in small informal activities in three districts, i.e., Multna, Bahawalpur and Dera Ghazi Khan, of he Punjab Province. Furthermore, informal sector has been divided into three groups of small-scale activities namely trade,³ services⁴ and manufacturing.⁵

The present study is based on primary data source obtained in 2012 by a survey of three divisions in the Southern Punjab, Pakistan. The urban areas of these three divisions have been further divided into mohalas, blocks and markets. A total sample of 3,000 respondents is drawn by stratified sampling method and a comprehensive questionnaire providing the concerned information. A direct interview method was applied in order to fill in the questionnaire and find the correct information for analysis. The three districts: Bahawalpur, Multan and Dera Ghazi Khan were randomly selected in the Southern Punjab, Pakistan. To modernize the work on returns to education and to capture the effect of changes on returns to education, an attempt has been made to estimate earning functions with completed and different levels of education. The major objective is to determine earning functions of various employment statuses i.e., self-employed, wage earners, traders, service providers and manufacturers in the urban informal sector of the Southern Punjab, Pakistan.

The organization of the study is as follows: Section II is concerned with review of literature; Section III describes the theoretical framework; Section IV discusses the data and methodology; Section V elaborates the results and discussion; and Section VI gives the concluding remarks.

II. Review of Literature

There is a vast literature available on the informal and urban-informal sectors at the national and international level. Some literature, related to the present study is presented for review. Burki and Abbas (1991) discussed the earning functions in Pakistan's urban-informal sector; the data of which was used from the survey of

2 Labour Force Survey, 2010-11.

3 Small-scale trading activities.

4 Different services and personal services.

5 Small-scale manufacturing activities.

male self-employed in the skill-intensive urban-informal sector of Pakistan, in 1989. Human capital variables, i.e., schooling, experience and vocational training were included as explanatory variables. The authors used the regression equations and its evidence, which suggested that human capital investment was rewarded equally in the informal and formal sectors of Pakistan. Burki and Ubaidullah (1992) evaluated the earning, training and employment in the urban informal sector by drawing data from the survey of Gujranwala. The study is based on earning functions of workers, in which the percentage distribution regarding earning, training and employment is shown. Their findings indicate that mostly the respondents earned a high rate as compared to earning of the government employees. The study concluded that the informal sector is not the sector of recent migrants and it offers a rapid upward mobility to its participants.

However, Khan (1983) provided some basic coefficients of earning functions for the urban-formal and informal sectors. The study is based on the survey of 570 households residing in Lahore - the earning functions were estimated on the basis of data relating to 745 working males and 57 working females. The findings indicated that the rate of return on female education was higher than the male education and that earning in the informal sector was more than twice the earning of the formal sector. Sargana (1998) examined the urban informal sector in an adjusting economy by using the primary data and conducting survey in Pakistan; emphasizing on the service sector. The Mincerian model was estimated and its results showed that income was an increasing function of education and experience. Moreover, self-employed groups obtained higher income as compared to wage earners. Likewise, Smith and Metzger (1998) discussed the return street vendors to education. The study used data drawn from the survey of street vendors in 1994 in Mexico, based on specification of the earning functions. The results indicated that there were significant positive returns to formal education among the street vendors. Furthermore, capital investment was a significant component of earning. Its results showed a positive association between the capital investment and the educational attainment.

Siddiqui and Siddiqui (1998) focused on decomposition of male-female earnings differentials by using the household income and expenditure survey 1993-94. The authors adopted the methodology of Oaxaca (1973) and Cotton (1988). The extended earning functions indicated that there were higher returns to schooling for males and higher returns to experience for females. The results also showed that the age, area, province, and employment status were considered an important determinant of earning. Results of the study indicated that market discrimination against female was very high. Nasir (1998) discussed the factors which determined personal earnings in Pakistan by using data from the Labour Force Survey 1993-94.⁶ For explanation, variables like educational categories,

6 Government of Pakistan (2012).

age, age-squared, job training, regional location and gender groups, occupational categories and size of the establishment were used. The study estimated the wage function by maximum likelihood method, using probit estimates. The results of the study showed that earning of participants increased with an increase in education; and that the age and education were crucial factors to determine productivity.

Migration and labour market returns in urban China were studied by Fan (2001). Data of the survey was used for empirical analysis and its results showed that permanent migrants used institutional advantages, human capital, and new opportunities. In labour market regressive analysis was applied to make high income gains. The study concluded that permanent migrants' institutional status and ties to the state, encouraged them to occupy most central and favorable positions in the labour market of Guanzhoa. Smith (2001) estimated the effects of education and training on earnings by using 1991 population survey of U.S. to get hourly earnings of 8,954 respondents. The author used three sets of the estimates: single regression, separate regression for male and female, and separate regression for 12 occupational groups. It was concluded that education and training influence the wages, positively.

Based on the Mincerian model, Nasir (2002) discussed the human capital in Pakistan, using the PIHS data 1995, for analysis. The results indicated that additional years of schooling increased earnings of the participants. The study concluded that human capital affects earnings of both the male and female workers. The effect of literacy and numeracy, and the technical training was large and significant for male workers but small for female workers. The study further concluded that education is pivotal in the development process of a country as it increase the productivity of workers, which is an essential ingredient of growth.

Manda et al. (2002) analysed the effect of human capital on earnings and returns to education. The study used the data from the Welfare Monitoring Survey (WMS) of 1994 undertaken by the government of Kenya. It was found that results of variables between 20 and 35 per cent of variation in earnings, differed in both the rural and urban areas. The study followed the work of Mincer (1974), to estimate semi-logarithmic equations for the determinants of earnings. The results indicated that externally human capital, affected the earnings positively and generally, women obtained higher benefits. Moreover, a general increase in the level of education benefitted all workers in terms of higher earnings. Ozcan et al. (2003) analysed the wage difference by gender, wage and self-employment in the urban Turkey Data from the 1994 income survey of the State Institute of Statistics of Turkey (SIS) was used. Personal, human capital and socio-economic variables were taken as independent variable; by using the two-step Heckman procedure. Difference in the wage determination of men and women and between the wage and self-employment was found and the self-employed workers obtained higher

returns. In addition, the job experience and working hours per week contributed positively to both men in employments and women in wage employment. Finally, married male participants received higher advantage or benefits than the unmarried workers.

Ewoudou and Vencatachellum (2006) discussed an empirical analysis of the rate of returns to education by using Cameroon Household Survey in 2001. Potential experience, education level, industry of employment, gender and regional characteristics were incorporated as independent variables. The study used the OLS estimations of earning equation and found the strong convex rate of return to education in all sectors of employment. There were no returns to primary education in any sector of employment. Moreover, there was a very high return to the education at university level in all sectors of the economy. Finally, those workers who belonged to the rural areas were consistently paid lower than the urban dwellers. Frost and Jon (2008) analysed the returns to qualification among the urban youth based on decomposition data from the Egyptian Labour Market Panel Survey (ELMPS) 2006. Independent variables were used as human capital characteristics, current experience, and the non-productivity related variables. The study is based on the standard Oaxaca-Blinder model of wage decomposition with Mincerian human capital using the experience term. Their results showed that there was a higher return to informal forms of qualification such as skills-training of craftsman in the informal employment. Informal and formal work experience had a very similar return to one another across the employment groups. Moreover, there was no clear disadvantage to the formal job experience.

Heckman et al. (2008) estimated the earning functions and marginal internal rate of return for different levels of schooling by using data for the born-men, taken from 1940-2000. The purpose of the study was to assess whether expenditures on education should be increased or decreased. More general method was used to estimate returns which were substantially different from Mincer returns. The findings indicated that returns were positively associated with high school education than from college, although, both tended to increase over time.

Qiu and Hudson (2010) found private returns to education in the urban China by using data from the China Health and Nutrition Survey (CHNS), during the years 1989, 1993, 1997 and 2000. Number of years in formal education, potential experience, gender, sector and region were included as independent variables. The study used the OLS technique. The results showed that there was a noticeable increase in the rate of returns to education, especially from 1997 to 2000. In addition, the returns depended on gender, sectors and regions; and the education reduced the gender earning's gap. Results of the study suggested that marginal productivity of labour and productivity itself was higher in Beijing; specifically in Shanghai as compared to other areas.

III. The Theoretical Framework

The economic analysis of labour market participants attracted attention of scholars and policy makers since the pioneering work undertaken by Mincer (1962), Becker (1964) and Cain (1966). As a pioneer in this field, Becker (1964) has made a discussion on the household behavior of time allocation. In the traditional theory of utility maximization, Becker (1964) developed a theoretical model of time allocation, where, he has used time as an additional commodity in the utility maximization process.

The present research is based on human capital earning functions which were developed by Mincer (1974), to capture the effect of education and other human capital variables on earnings. The evidence showed that major sources of human capital formation i.e., education and experience had a direct and positive impact on lifetime earnings of individuals.⁷ The present study is an empirical and econometric analysis of informal self-employed and wage workers and is modeled in the framework of the traditional Human Capital Theory of Mincer (1957).⁸ The natural logarithm of weekly earnings of the informal sector participants (i.e., self-employed, wage earners, traders, service providers and manufacturers) are function of human capital variables i.e., completed years of education, experience, marital status and weekly working hours have been applied in this study to measure the wage and income determinants in trade, services and manufacturing activities of the urban informal sector in Southern Punjab, Pakistan.

IV. Data and Methodology

1. *Data Sources*

The Punjab province of Pakistan is densely inhabited and has been divided into three regions: the North Punjab, the Central Punjab and the Southern Punjab. The Southern Punjab is comprised of nine divisions. The present study is based on primary data which was gathered by the authors during the survey of three divisions in Southern Punjab, in 2012. Simple and comprehensive questionnaire concerned with information regarding objectives of the study was prepared for data collection. In order to fill the questionnaire and find out the correct information for analysis, the direct interview method was adopted. Three districts i.e., Bahawalpur, Multan and Dera Ghazi Khan were selected for research purpose because of their various employment opportunities for rural-urban migrants and urban dwellers in urban informal sector in the Southern Punjab.

7 [(Becker (1962), Mincer (1974)].

8 See, Miner (1974); the theory was developed in 1957, which was published in 1974.

For analyzing the factors affecting income the study has considered the human capital and other variables. A sample of 3,000 workers in the age group 15-64 years was randomly drawn from the urban areas. In the past most of the studies in the urban informal sector explored only the manufacturing sector but this study has emphasized on the services and trade sector along with manufacturing. Moreover, the urban informal sector was based on a very small sample but this study is based on a large sample size and out of the total 3,000 respondents 1,129 belong to the trade sector. Almost 34.39 per cent of the respondents from this category are informal wage earners and 65.60 per cent of the respondents in this category are informal self-employed workers. Out of the 3,000 respondents, 1,143 belong to services sector; 52.94 per cent of the respondents are informal self-employed and 47.05 per cent of the respondents in this category are informal wage workers. Out of the 3,000 respondents 728 belong to the manufacturing sector. Almost 37.68 per cent of the respondents are informal wage earners and 62.31 per cent are informal self-employed in this category. The proportion of wage earners is 40 per cent while 60 per cent represents the self-employed.

2. Methodology and Model Specification

The ordinary least square regression technique have been employed in the empirical analysis. The multiple regressions Econometric Model is considered as:

$$Y_i = \alpha + \beta_1 X_{i1} + \beta_2 X_{i2}, \quad \beta_K X_{iK} + u_i$$

where Y_i is dependent variable and X_i indicates the explanatory variables. α represents intercept term and β_i denotes partial regression coefficient. u_i is random term which satisfies all OLS assumptions.

The model is specified in two forms and two specifications have been made for analysis. In model (1) completed years of education were used to observe its rate of return on earnings, where as in model (2) different levels of education were used. Authors like Guisinger et al. (1984), Burki and Ubaidullah (1992), Burki and Abbas (1991), Sargana (1998), and Nasir (2002); and in case of other countries, Manda et al. (2002) have used the same models to estimate the rate of returns of human capital variables in urban informal sector with small surveys. While, Waldorf and Waldorf (1983), Kozel and Alderman (1990), Smith and Metzger (1998), Ewoudou and Vancatachellum (2006), Frost and Jon (2008) and Qiu and Hudson (2010) have extended the Mincerian earnings model [Mincer (1974)] to estimate the effect of other variables on earnings in urban informal sector with small surveys.

The functional form is given as follows:

$$\text{Ln}Y_i = \alpha_0 + \beta_1\text{CYD}_i + \beta_2\text{EXPI}_i + \beta_3\text{MRS}_i + \beta_4\text{WHR}_i + u_i \quad (1)$$

where Y_i is dependent variable and X_i shows the explanatory variables, α is intercept term and β_i indicates partial regression coefficient and u_i is random term.

$$\text{Ln}Y_i = \alpha_0 + \beta_1\text{EDUI}_i + \beta_2\text{EDUII}_i + \beta_3\text{EDUIII}_i + \beta_4\text{EDUIV}_i + \beta_5\text{EDUV}_i + \beta_6\text{EXPI}_i + \beta_7\text{MRS}_i + \beta_8\text{WHR}_i + u_i \quad (2)$$

In model (2), the influence of various education levels is estimated with other variables. The estimation has been segregated into sub-groups of wage-earners and self-employed workers. Later, this informal sector has been divided into three groups of activity such as traders, services providers and manufacturers. Lastly equations are estimated separately for all subgroups of the sector.

Description of Variables

The variables for earning determinants of various employment status in urban informal sector are presented in Table 1.

TABLE 1

Variables and their Description

Variables	Description
LnY	= Log of weekly earnings of workers.
CYD	= Completed years of education.
EDUI	= 1 if worker's education level is up to middle (8 years of education) = 0 otherwise.
EDUII	= 1 if participant's education level is up to matric (10 years) level of education = 0 otherwise.
EDUIII	= 1 if the worker's education level is intermediate (12 years of education) = 0 otherwise.
EDUIV	= 1 if the worker's education is graduation (14 years of education) = 0 otherwise.
EDUV	= 1 if the worker's education is M.A/M.S.C (16 years of education) = 0 otherwise.
EXP	= Years of experience (age-5- years of education).
MRS	= 1 if the worker is married = 0 otherwise.
WHR	= Weekly working hours.

V. Results and Discussion

1. *Statistical Analysis:*

The statistical analysis is as under:

TABLE 2

Descriptive Statistics of Explanatory Variables for Urban Informal Sector Participants (15-64)

Variables	Mean	S.D.	Minimum	Maximum
CYD	7.1800	3.9800	0	16
EDUI	0.2615	0.4468	0	1
EDUII	0.2120	0.4088	0	1
EDUIII	0.2510	0.4337	0	1
EDUIV	0.0743	0.2624	0	1
EDUV	0.0480	0.2138	0	1
EDUVI	0.0093	0.0962	0	1
ILLITERATE	0.1474	0.3546	0	1
MRS	0.7923	0.4057	0	1
EXP	16.8430	10.3438	1	55
WHR	50.8363	0.4057	22	60

Table 2 explains the basic statistics of some selected variables. The table contains mean value of the explanatory variables and their standard deviation, minimum and maximum which are used in this study. As for the concerned number of years of education, majority of workers have low education level. Almost participants are married and workers work for longer hours.

2. *Empirical Results*

The empirical results of the study are shown in the present section. Mainly the impact of human capital variable and other socio-economic variables is checked using simple OLS regressions on the income of employed workers. Results are presented in Table 3.

TABLE 3

Earning Functions of Informal Sector Employed, Self-employed
and Wage Earners with completed years of Education

(Log of weekly earnings as dependent variable)

Variables	Whole Sample	Self-Employed	Wage Earners
C	2.594	3.242	2.879
CYD	0.024* (16.695)	0.020* (12.24)	0.007* (3.645)
EXP	0.004* (6.925)	0.001 (0.997)	0.004* (3.857)
MRS	0.107* (7.079)	0.029*** (1.54)	0.090* (5.115)
WHR	0.007* (9.87)	0.000 (0.004)	0.000 (0.367)
R-Square	0.17	0.10	0.08
Adjusted R ²	0.17	0.10	0.07
F-Statistics	151.47	44.16	24.74
Probability	0.000	0.000	0.000
Sample Size	3000	1800	1200

Note : Values in the parenthesis are t-statistics.

*significance at 1% level. **significant at 5 % level. ***significant at 10 % level.

Table 3 includes results of completed years of education, experience, marital status and weekly working hours. Results in Equation (1) indicate that all variables are significant. These results indicate that income is an increasing function of education in the whole sample, self-employed group and the wage earners. The experience has positive and significant effect on earnings of workers. The impact of additional years of schooling and experience on earnings is 0.024 and 0.004 per cent, respectively, for the whole sample. For self-employed group, the estimated coefficient implies 0.02 per cent increase in earning for each additional year of education.

The coefficients of marital status variables are positive and significant for the whole sample, self-employed and wage earners. The coefficient of weekly working hours is positive and significant at 1 percent level of significance for the whole sample.

TABLE 4

Earning Functions of Informal Sector Workers, Self-employed
and Wage Earners with different level of Education

(Log of weekly earnings as dependent variable)

Variables	Whole Sample	Self-Employed	Wage Earners
C	2.677	3.300	2.908
EDUI	0.085** (5.5887)	0.088* (5.196)	0.030*** (1.735)
EDUII	0.170* (12.234)	0.149* (9.609)	0.041** (2.162)
EDUIII	0.222* (10.36)	0.187* (8.350)	0.056*** (1.630)
EDUIV	0.301* (11.537)	0.251* (9.518)	0.089** (1.920)
EDUV	0.215* (3.90)	0.238* (4.250)	0.010 (0.107)
EXP	0.004* (5.84)	0.000 (0.689)	0.003* (3.412)
MRS	0.108** (7.116)	0.026 (1.366)	0.093* (5.287)
WHR	0.007* (10.14)	0.000 (0.131)	0.000 (0.446)
R-Square	0.17	0.10	0.07
Adjusted R ²	0.17	0.10	0.07
F Statistics	75.63	23.51	11.886
Probability	0.000	0.000	0.000
Sample Size	3000	1800	1200

Note : Values in the parenthesis are t-statistics.

*significance at 1% level. **significant at 5 % level. ***significant at 10 % level.

The dummy variables for different levels of education are shown in Table 4. Results of the study gives clear picture that returns to education for all levels are positive and highly significant for the whole sample. The earnings tends to increase

as the level of educational attainment increases. These results corroborate our previous estimated results presented in Table 3 that education has greater impact on earnings of the whole sample. In the whole sample group, middle level education has the lowest reward while highest reward goes to the workers who are graduates. The coefficient of experience is positive and statistically significant at one per cent level of significance for the whole sample and wage earners. The findings also point out that coefficient of marital status is positive and significant in all, the entire group and wage workers. The coefficient of working hours is significant at one per cent level of significance. Finally, the results conclude that education is an important and strong source of variation in earnings of the participants. The positive relationship of education and earnings supports the hypothesis that education is an investment that receives economic returns in labour market.

TABLE 5

Earning Functions of Groups of activities
with Completed Years of Education

(Log of weekly earnings as dependent variable)

Variables	Trade	Service	Manufacturing
C	2.867	2.475	2.636
CYD	0.027* (11.463)	0.023* (10.218)	0.019* (6.100)
EXP	0.004* (3.561)	0.005* (5.131)	0.004* (2.895)
MRS	0.101* (3.947)	0.113* (4.937)	0.098* (3.105)
WHR	0.002 (1.372)	0.009* (9.258)	0.007* (4.277)
R-Square	0.15	0.23	0.11
Adjusted R ²	0.15	0.22	0.10
F-statistics	49.49	83.57	21.68
Probability	0.000	0.000	0.000
Sample Size	1129	1143	728

Note : Values in the parenthesis are t-statistics.

*significance at 1% level. **significant at 5 % level. ***significant at 10 % level.

TABLE 6

Earning Functions of Groups of Activities
with Different Levels of Education

(Log of weekly earnings as dependent variable)

Variables	Trade	Service	Manufacturing
C	2.937	2.563	2.700
EDUI	0.137* (5.479)	0.075* (3.440)	0.031 (1.053)
EDUII	0.215* (9.154)	0.167* (7.70)	0.098* (3.440)
EDUIII	0.258* (7.874)	0.210* (5.72)	0.180* (3.835)
EDUIV	0.375* (9.144)	0.266* (6.497)	0.235* (3.898)
EDUV	0.300* (3.805)	0.151 (1.355)	0.101 (0.896)
EXP	0.004* (3.337)	0.004* (4.386)	0.003** (2.112)
MRS	0.094* (3.679)	0.115* (5.018)	0.106* (3.329)
WHR	0.002*** (1.519)	0.009* (9.332)	0.008* (4.518)
R-Square	0.16	0.23	0.10
Adjusted R ²	0.16	0.22	0.10
F-statistics	26.89	41.51	10.11
Probability	0.000	0.000	0.000
Sample Size	1131	1143	728

Note : Values in the parenthesis are t-statistics.

*significance at 1% level. **significant at 5 % level. ***significant at 10 % level.

Results of Table 5 reveal the return to human capital variables of participants involved in trade, services and manufacturing sector of the urban informal sector of Southern Punjab. Regression results show that the coefficients of completed

years of education are statistically significant at one per cent level of significance for the workers involved in all activities. The table also shows that earnings of the service providers and manufacturing workers increase with their experience. The coefficient of marital status of traders and service providers and all those who are involved in small scale manufacturing activities is positive and statistically significant at one per cent level of significance. Results also show that earnings increase with increase in the working hours of service providers and those involved in small manufacturing activities. Value of R^2 is also respectable.

Results of Table 6 indicate that the highest reward goes to both the wage earners and the self-employed participants having graduation level education that is 0.38 per cent for trading workers, 0.27 per cent for service providers and 0.25 per cent for manufacturing workers, respectively. All education levels are significant for three groups of activities except the workers in services and manufacturing activity, where, master level education is insignificant for both groups in the urban informal sector. Generally, our study concludes that human capital variables contribute in the earnings of participants among all these activities.

The analysis concludes that education proves to be important determinant and statistically significant variable. Almost all coefficients of experience also show significant results. The other important result is that variables such as marital status and weekly working hours show more significant results.

VI. Conclusion

The study presents the results of the earning functions with respect to human capital accumulation and the investigates role of human capital variables in earnings of wage earners and self-employed groups in different small scale activities of urban informal sector of the Southern Punjab, Pakistan. Education is particularly crucial for self-employed and wage earners in order to increase earnings. The regression results indicate that education is more paying to the self-employed group. These results support the results of the studies by Burki and Abbas (1991), Guisinger and Irfan (1980), Khan (1983) and Sargana (1998).

There is a need to redirect efforts to enhance literacy status of participants of the urban informal sector and a serious need to provide opportunities for productive employment to large number of participants of urban informal sector. Therefore, productivity in the urban informal sector can be improved by investment in the physical capital along with the human capital and sufficient demand that would ensure the employment opportunities in the sector. It has been shown in the results that graduation level education has the highest rewards to the workers of the urban informal sector. It might be suggested that more investment should be given to graduation level education. There is a need to enhance professional and technical education at its best quality. More technical and vocational institutions should be

launched in the urban and rural areas as an enduring solution towards poverty alleviation in urban informal sector of the Southern Punjab. The earning inequalities can be reduced by extending education and training facilities to more people by reducing unequal access to such facilities. More labour intensive and small industries should be established in both the rural and urban areas of the Southern Punjab, Pakistan.

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