

# **The Challenges of Improving Informal Sector Activities Conditions in Lagos Island, Nigeria**

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## **Abstract**

The study examined the challenge of improving the conditions of informal sector activities in Lagos Island, Nigeria. The study objectives include; the identification of informal sector activities in the study area, examining the socio-economic characteristics of people involved in the activities, examination of the condition in which they operate, identifying the factors of involvement in informal sector activities in Lagos Island and assessing the problems of managing the sector activities in the study area. The survey was carried out using stratified random sampling to ensure a fair representation of the population on each selected streets. A sample size of 177 was selected using 10% of all informal sector activities on selected streets in the study area .Hence,177 questionnaires were administered to respondents in the study area from which 152 questionnaires were recovered and used. The study reveals that there is a relationship between employment in the informal sector and formal sector unemployment, illiteracy, environmental degradation and the rampant violation of planning regulations. Recommendations of this study include; embarking on baseline studies to obtain vital information on informal sector activities with the view of formulating policies and programmes that will enhance the effectiveness of both the informal sector and planning administration, provision of infrastructure such as markets and designated open spaces to enhance and promote the activities of the sector,organizing informal sector workers into co-operative societies through which they could be reached easily for support and assistance, and finally, discouraging the over-concentration of informal activities in already built-up areas.

## **Introduction**

The International Labour organization (ILO) estimates that the proportion of the urban work force engaged in informal sector activities is highest in Sub-Sahara African, and account for more than 50% of urban employment in two thirds of countries surveyed in 1999. In Nigeria, the informal sector unfolded conspicuously after the Structural Adjustment Programme (SAP) was introduced which eventually lead to mass retrenchment of formal sector workers. Characteristically, a large percentage of the victims found solace in informal sector employment which appeared as the immediate solution to the economic crisis that was prevalent at that time (Oshinowo, 2007).

The informal sector is generally viewed as another sector outside the normal organized formal sector that provides employment and sustenance through engaging in a variety of activities, such as street trading, hawking, vulcanizing, local manufacturing and cobbling to mention but a few. The sector is characterized by small scale operations, labour intensive techniques, low-income families, private and indigenous ownership of enterprises that are largely unprotected by government (Lawanson, 2011). The main features of informal sector economic units are: ease of entry; small scale of the activity; self-employment; little capital and equipment; labour intensive technologies; low skill; low level of organisation with no access to organized markets, formal credit, education and training or services and amenities; low productivity and low income. Informal sector participants generally live and work in appalling, often dangerous and unhealthy conditions, usually without basic sanitary facilities, in the shanty towns of urban areas (Lawanson, 2011). The drive for profit maximization of people in informal sector informs their strategic location at road junctions, various bus stops and points of high pedestrians traffic. Lagos state government has had to contend with the activities of the informal sector over the years (Oshinowo, 2007).

Abiodun (2002) notes that Lagos, Nigeria de-facto capita city, with its current population estimate has joined the league of the world's mega cities. Associated with mega status are mega urban problems which Lagos has to contend with, chief among which are street trading, poor sanitation, poor infrastructure, filthy environment and congestion. He further stressed that all these problems are caused by the influx of people into the city with a very weak, ineffective and uncontrolled urban management planning in place.

However, it should be borne in mind that the greater number of opportunity seekers that migrate to Lagos in search of high paying jobs and a better quality of life are mostly unskilled and unemployable, and most usually end up in the informal sector of the economy. The role of the informal sector therefore in providing employment and complementing the formal sector should not be trivialized when considering its effects on the urban management system. This paper pays attention to the challenges of improving the conditions of informal sector activities in Lagos Island.

## **Methodology**

Both primary and secondary data were used in this study. The research instrument employed in collating the primary data was structured questionnaire techniques. Primary data was obtained from oral interview and questionnaire administered to informal sector workers on eight (8) streets surveyed and identifies to be highly intensive of informal sector activities in the study area. A total of one hundred and seventy seven (177) questionnaires were administered to 10% of the total population, however, one hundred and fifty two (152) questionnaires were recovered and used. On Zulu Bolaji Street with a population of 187 informal traders, 19 questionnaires were administered, but 15 were recovered. On Gbajumo street with a population of 2666 informal traders, 27 questionnaires were administered but 18 were recovered. The table below shows the total population of informer traders in each street, the number of questionnaires administered per street and the number of questionnaires recovered on each street.

**Table 1 Total Population per street and number of questionnaires administration.**

Street	Number of Informal Traders	Questionnaire Administered	Questionnaire recovered
Zulu Bolaji	187	19	15
Fred McEwen	245	24	24
Gbajumo	266	27	18
Kosofo	106	11	11
Nnamdi Azikiwe	356	36	33
Matins	272	27	23
Balogun	186	18	17
Daddy Alaja	148	15	1
Total		177	152

Source:- Field survey, 2007

The questionnaires covered the type of informal sector activities present, and sought information on socio-economic conditions of the workers and the situation of the physical environment in the study area. Members of staff of Lagos Island Local Government and Development Authority were also interviewed to elicit information on strategies being used for managing and regulating informal sector activities in the area.

### Hypothesis tested

Ho: Informal sector activities do not help to provide basic income necessary for alleviating urban poverty.

Hi: Informal sector activities help to provide basic income necessary for alleviating urban poverty.

Simple linear regression will be used to test the hypothesis which involves running one dependent variable on one independent variable.

The model is given as follows:  $Y_i = a + b_1 X_1 + e$

Where  $Y_1$  = Number of informal sector activities

a = The intercept coefficient on  $Y_1$

b = Regression coefficient value of Y and X

$x_i$  = Level of Urban poverty (measured by average income earned)

e = Error term

To test for the significance of the regression coefficient, t – distribution test is to be used.

## **Context of the Research**

In 1967 Lagos state was officially created out of the 12 existing states in Nigeria and Lagos Island simultaneously perform the dual roles of being an administrative and economic centres of the Federal Republic of Nigeria.

Lagos Island was originally inhabited by chief Olofin and his children. He later divided the area among his ten (10) sons, who include Aromire, Idunnganrah, Idumota, Ereko, Ikoyi etc and subsequently they spread across the state. In the eighteenth century the area was predominantly noted for fishing and hunting because of the preserve of Lagoons and streams. Immediately the state was officially declared the capital of Nigeria in 1967, all the administrative and economic business of government were massively carried out on the Island, which definitely accounted for the business activities, informal activities and trading that took place then and is still observed today. In 1992, the seat of government was moved away from Lagos to Abuja, but this did not affect the economic atmosphere on the Island. Rather, the Lagos Island Central Business district has made tremendous progress both nationally and internationally and this has been attributed to its location among other things.

Assessing Lagos Island in the context of the informal sector and the urban management system is quite interesting. Lagos Island, the central business district of Lagos State is a thriving economic hub of the formal sector. Abiodun (1997) acknowledged that the Nigerian financial system is dominated by metropolitan Lagos. Of the 50 commercial and merchant banks operating in Nigeria in 1988, almost 50 per cent had their head offices in Lagos. Of the 83 insurance companies registered in Nigeria as of April 1982, 68 per cent had their head offices in Lagos, while virtually all the others had major branch office in Lagos.

## **literature Review**

The existence and presence of the informal sector has been widely acknowledged generally. The International Labour Organization (ILO) estimates that the proportion of the urban work force engaged in the informal sector is highest in sub-Saharan Africa and accounts for more than 50% of urban employment in two thirds of the countries surveyed in 1999. This statement indicates that informal sector activities must be significant practice in many African countries and probably developing countries too. Taking a statistical look at the size of the informal sector, Nwaka. (2005) noted that information on the size and employment structure of the informal sector is hard to obtain, but estimates suggest that the sector accounts for between 45% and 60% of the urban labour force, up from about 25% in the mid-1960s. Several reasons have been given for the rapid growth of the informal sector. According to Sethuraman, (1991) the migrants to the Urban areas find it easier to blend into the informal sector because it generates demand for semi-skilled and unskilled labour as against the formal sector that tend to generate demand mainly for skilled labour. Olarewaju (1999) discovered that by participating in the informal sector, there is an autonomous and efficient capacity for generating growth in the income of the poor.

The characteristics of the informal sector have been a major factor to its growth. It has been generally observed that even skilled and educated people opt for employment in the informal sector for a variety of reasons. The sector is characterized by small scale operations, labour intensive techniques, low-income families, private and indigenous ownership of enterprises that are largely unprotected by government (Lawanson, 2011). It is however due to those characteristics that employment generation is easier with the informal sector than the formal sector which requires a lot of time and capital to generate employment. The ILO acknowledges that the informal sector is capable of creating more jobs and of growing faster than the former sector which needs greater capital accumulation and technology to operate and does so under rigid economies of scale. The ILO further affirms that both the formal and informal sector are essential and important as they are complementary and interdependent. The informal sector installs, maintains and repairs equipment and manufacturing products that form the basis of the formal sector. For some people, self-employment in the informal economy is the primary source of income, however it is not unusual to see regular wages from salaried employment being combined with income from the informal sector.

The challenges of the informal sector on urban environmental management have been widely acknowledged. Peberdy (1997) commented that the appalling environmental conditions associated with informal sector activities have been unfortunate. They constitute a major threat to the health and well being of urban life. The main challenge now is how to support and regulate the informal sector in order to promote productivity, and income for the poor, and at the same time ensure a safe health and socially acceptable environment. Earlier development planners had somewhat indifferent attitude to the informal sector, as it was seen as a temporary activity that would soon fade away. Sanyal (1991) posit that earlier development planners generally assumed that the informal sector was a transitory phenomenon that is destined to disappear in the course of economic and political modernization. Informal modes of production of goods and services began to attract attention over twenty five (25) years ago, but it was only in the last decade that serious efforts have been made to understand the foundations of the informal sector.

The need to accommodate and provide for the informal sector has been greatly acknowledged. The United Nations (2002) asserted that the need to organize the informal sector is borne out of present and future challenges to the environmentalists. In the next thirty (30) years the urban population of developing countries is projected to be four billion by 2030. In line with this and the many other problems of urban management, the United Nations integrated the Urban Management Programme (LUMP) which focused on the development of urban management frameworks and tools on the issues of land management, municipal finance and administration, and infrastructure and urban environment (UN-Habitats, 2003). Of particular interest to the informal sector is the Environmental Planning and Management Process (EPM) of the Urban Management Programme. The EPM seeks to achieve environmental sustainability and improve the livelihoods quality of the poor in and around the peri-urban interface (UNDP, 2003).

The key principles guiding the EPM process entail three qualities. Strategic, Participatory and Incremental. The process strongly advocates capacity building in order to empower the urban poor, greater local government effectiveness through more flexible, more advisory and promotional and for government at all levels, to continuously review and update existing legislation with respect to urban planning, building standards, infrastructure, and environmental regulations in order to achieve policies that are more compatible with local conditions.

## **Data Discussion**

This section examines the nature of informal activities in the study area, the socio-economic profile of the informal sector workers, the reasons for engaging in informal sector employment and the environmental implications of their activities.

### **Nature of activities in the Study Area**

The informal activities in the area can be conveniently classified into manufacturing, service and marketing sectors, of these categories, marketing sector conspicuously dominates the area as revealed in the table 2 below. Next in the degree of prevalent is the service sector while manufacturing is the least.

**Table 2: Informal sector categories on the selected streets**

Street	Categories			Total
	Manufacturing	Service	Marketing	
Zulu Bolaji	3	5	7	15
Fred Mctwen	1	3	20	24
Gbajumo	2	2	14	18
Kosoko	0	0	11	11
Nnamdi Azikwe	0	7	26	33
Martins	0	4	19	23
Balogun	0	3	1	17
Daddy Alaj	1	4	6	11
Total	7	28	117	152

**Socio Economic Characteristics of Respondent**

The breakdown of the age sex structure of those engaged in informal sector employment in the study areas proved that females are more involved (62%) than male (38%). Also from the 152 people interviewed, 57% are in age group (15-44) years while those in age group (45-64) years are just 24%. The under (below 15) years and the aged (64 plus) accounts for 17%.

**Table 3: Average age employed in the informal sector**

Age	Male	Female	Frequency (F)	Middle class (K)	F(x)
Below 15 yrs	7	10	17	7.5	127.5
15-24	9	11	20	19.5	390
25-34	15	25	40	29.5	1180
35-44	9	19	28	39.5	1106
45-54	8	15	23	49.5	1138.5
55-64	7	8	15	59.5	892.5
Above 64 yrs	6	3	9	69.5	625.5
Total	54 (38%)	88 (62%)	152		5260

Field work,2007

X = Arithmetic mean

∑fx = Summation of all variables (ages)

f = Total number of variables

therefore  $\underline{x} = \frac{\underline{\sum fx}}{\underline{\sum f}} = \frac{5260}{152} = 34.605$

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Analysis in table 3 reveals that mean age of those working in the informal sector to be 32.9 years. Further analysis revealed that educational levels of the respondents vary. Most of the respondents are not literate as 48% of them claim to have no formal education, while 27%, 17% and 7.9% had primary, secondary and tertiary education respectively. The researched showed that educational qualifications influence the level of involvement of individuals in the informal sector. It is easy to deduce by this analysis that the informal sector attracts most people in lower education.

**Table 4: Educational Qualification of Respondents**

Street	Educational Qualification of Respondents			No Formal Education
	Primary	Secondary	Tertiary	
Zulu Bolaji	8	2	0	5
Fred Mctwen	3	6	2	13
Gbajumo	2	8	3	5
Kosoko	7	1	5	3
Nnamdi Azikwe	5	3	3	24
Martins	8	0	24	13
Balogun	3	5	6	6
Daddy Alaj	5	1	1	6
Total	41(27%)	26(17.15%)	12 (7.9%)	73(48%)

Source: Field work, 2007

The income level of the respondents varies significantly too. 25% of the respondents earn between N1,000, N5,000 weekly, 20% earns between N6,000 and N10,000, 24% earns between N11,000 and N15,000, 15% earns between N16,000 and N20,000, 27% earns between N21,000 and N25,0000 while 16% earns between N26,0000 and N30,000. Meanwhile, the level of income is dependent on the type of activity involved. 12.5% of the respondents are employed in the

**Table 5 : Income /Profit Made Weekly**

Street	Income/Profit earned in N,000						25-30
	-5	1-10	5-15	10-15	1-5	20-25	
Zulu Bolaji	1	3	4	0	5	2	
Fred Mctwen	3	2	3	2	3	11	
Gbajumo	7	1	6	1	1	2	
Kosoko	0	2	2	3	3	1	
Nnamdi Azikwe	5	4	5	4	6	9	
Martins	4	5	3	1	3	7	
Balogun	3	2	1	3	2	6	
Daddy Alaj	2	1	0	1	4	3	
Total	25(16%)	20(13%)	24(16%)	15(10%)	27(18%)	41(27%)	

Field work,2007

public sector and also currently participate in informal sector. They do this to generate more income to beef up with what is being earned in formal sector. 9.29 constitute student workers while 72.4% depend on their informal business as sole source of income.

**Table 6: Workers With Other Jobs**

	Frequency	Percentage
Workers with formal employment	19	12.5
Student workers	14	9.2
None	110	72.4
Missing System	9	5.9
Total	152	100

Field work,2007

### Reasons for Engaging in Informal Sector Employment

Firsthand knowledge on the reasons for engaging in the informal sector is needed so that planners would know how to provide facilities for the sector and manage their activities better.

This is necessary because, the research result shows that majority of informal sector workers lack the necessary specialized education and skill to enable them gain employment within the public and private sector. The table 7 below shows that 40% of the respondents are in informal sector activities because they were unable to gain formal sector and private sector employment and others because the remuneration from both sectors would not be sufficient for them. It was also observed that quite a number of workers in this category have worked in the private sectors before, but opted out for informal sector employment due to its flexibility and higher income opportunities.

16% of the respondents also engaged in informal sector because they do not have sufficient educational qualification to enable them obtain employment in the formal and private sectors. These workers are mostly illiterates with no formal education whatsoever. 5% of the respondents acknowledged that they took up informal sector employment because they had been retired from public sector employment and needed to supplement earnings from their pensions that are not paid regularly. 18% of them engaged in the informal sector because it is a trade handed down to them by their parents. In most cases, this is the only form of employment these set of people know.

**Table 7: Reasons for Engaging in Informal Sector employment**

Streets	Unemployment	Low level Education	Retired	Inherited	To supplement Income	Pocket money	Parental	Total
Zulu Bolaji	7	0	2	3	2	1		15
Fred Mtweh	14	5	0	0	5	0		24
Gbajumo	4	5	0	5	2	2		18
Kosofo	5	3	0	2	1	0		11
Nnamdi Azikiwe	9	5	3	8	7	1		33
Matins	11	1	2	3	4	2		23
Balogun	4	3	1	4	2	3		17



Daddy Alaja	7	2	0	2	0	0	11
Total	6 1(40%)	24(16 %)	8 (5%)	27( 18%)	23(15%)	9 (6%)	152 (100%)

Source: Field work, 2007

### Environmental Condition

The informal sector has gained a bad reputation over the years due to its general characteristics and the nature of its activities. Among planners and managers, the sector has been noted for its non-conformity to planning regulations and standards, and the general environmental degradation associated with its long term activities in an area. During the course of this research certain practices were observed that impact negatively on the urban environment and inhibit proper functioning of the urban system. These include waste disposed practices, inappropriate locations of stalls (shop, street trading, environmental sanitation practices, blocking of drainage channels, and impairing traffic flows.

### Environmental Sanitation Practices

Informal sector entrepreneurs within the study area embark on environmental sanitation every Thursday of the week and every last Saturday of the month. This is done in accordance to the general rules laid out by the market association and market regulatory board and as such it is mandatory that sanitation is carried out on these days. However, information obtained from the administered questionnaires indicated that only a select few clean their environments and clear their drainage regularly apart from sanitation days. This implies that the environment generally remains dirty until the next sanitation day.

**Table 8: Frequency of sanitation**

Frequency/week	Frequency	Percentage	Cumulative Percentage
Once	20	13.2	13.2
Twice	13	8.6	21.8
Three times	4	2.6	24.4
Only or sanitation	115	75.6	100

Field work,2007

### Waste Disposal Practice

It was observed that a large percentage (65%) of the respondents patronize cart pushers to dispose their wastes. Reasons stated for this trend revolved around the inability of the private sectors participation (PSP) waste disposal system and the Lagos State Waste Management Authority (LAWMA) to service all the streets within the study areas efficiently. The cart pushers however do not dispose the waste properly. Rather than dispose of such wastes at the waste transfer loading stations provided, they instead dump them on open spaces and road medians within areas frequently serviced by the waste management authority. This implies that the cart pushes contribute to overall pollution of the environment as they clear waste from one point only to dispose of it at another point, usually on unattended open spaces.

**Table 9: Waste Disposal Methods**

Waste Disposal Method	Frequency	Percentage	Cumulative Percentage
PSP/LAWMA	53	34.9	34.9
Cart Pushers	99	65.4	100

**Location of Shops/stalls and make Shift Sheds**

The location of shops and placement of stalls is one of the major environmental problems within the study area. Where shops are located on the ground floor of buildings, the shop owners tend to utilize the building setbacks to display their wares. Also, stalls are usually located on road setbacks and walk ways, leaving the average pedestrian with no safe place to use. Also, most of the stalls are constructed on drainage channels and gutters, which make regular cleaning of the gutters difficult if not impossible. The placement of wares on the roads by street traders is another factor that causes environmental nuisance. Their presence inhibits the free flow of the traffic by narrowing the road width, and where they are centrally located, vehicular pedestrian conflicts is high.

**Provision of Facilities**

The facilities provided within the study area were also examined. The facilities identified to be present in the study area include pipe borne water, health care centre, public toilets and baths, good drainage system, and good roads. The waste management system and parking facilities were however considered inadequate by most of the respondents. The parking facilities provided are insufficient and so the use of on-street parking features prominently.

The correlation between the availability of the stated facilities and the location of informal sector activities within the study area was also examined as shown in table 10 below. 30% of the respondents acknowledged that the presence and availability of certain facilities strongly influenced the location of their facilities. For instance, some respondents on Martins street recognized that the location of their

shops and stalls on the street has a positive influence on the sales made because of its nearness to the Marina main car park.

**Table 10: Degree of Existing Facilities on the Location of Informal Sector Activities**

Street	Degree of influence on location of Informal Sector activities				
	None	Not Significant	Neutral	Fairly Influential	Strongly Influential
Zulu Bolaji	2	1	4	3	4
Fred Mctwen	5	3	5	3	8
Gbajumo	8	11	9	4	1
Kosoko	2	2	6	1	0
Nnamdi Azikwe	1	4	1	5	7
Martins	2	0	2	3	16
Balogun	0	5	1	2	9

Daddy Alaj	1	3	6	1	0
Total	21(13.9 )	29(20%)	34( 22%)	22(14.5 )	45(29.6 )

Field work,2007

### Reasons for Location

Informal sector activities no doubts flout physical planning standards and regulations. Therefore managing urban environment that functions in opposition to physical planning aspirations can be rather challenging. While it is of utmost importance to develop better way of managing informal sector activities within the urban environmental context, there is a greater need to understand why their activities locate within the areas that they occur and how they help balance the urban social and economic equilibrium through unemployment generation and poverty reduction. The information obtained through oral interviews conducted indicated several reasons for the dominance of informal activities in the area. They include:

1. **Centrality of the Area:** Lagos Island can be assessed easily from other areas in metropolitan Lagos. This factor favours the informal market category mostly because of their need to make quick profits. Generally, centrally located area within a metropolitan city acts as pull factor to economic and at times industrial activities.
2. **Nearness to Sea Port:** Lagos Island can easily be accessed from Apapa which houses the only sea port in Lagos state. This perhaps explain the significant number of warehouses around the study are, as items that are imported can be disposed off easily or be further transported to other areas within the metropolis.
3. **High Presence of the formal sector:** The presence of the formal sector work opportunities in Lagos Island is another reason for the increased presence of the informal sector. The informal sector provides services and materials that the former sector needs to function efficiently. This factor favours the informal service and informal manufacturing categories mostly.
4. **Identity:** The study area has been renowned for its identity as a major hub for former and informal economic activities. Some informal sector workers decide to locate their businesses their because of this identity and the belief that the identity acts as a pull factor for buyers.
5. **Economies of Scale:** Economies of scale can be defined as the economic advantages that a business or group of businesses enjoy by being located in close proximity to each other. Informal sector workers concentrate in Lagos Island because of the economies of scale they enjoy.

### Problems of Managing Informal Sectors Activities in Lagos Island.

Based on the interview of member of staff of the Lagos Island Local Government and the Lagos State Physical Planning and Development Authority, it was observed that they encounter a lot of problems in regulating and managing the activities of the informal sector in the study area. Some of these problems are

1. **Institutional Incapabilities;-** The relevant planning and development control agencies experience a number of constraints in carrying out their duties with respect to the management of informal sector activities. These agencies are could not perform their duties adequately due to lack of funds.
2. **Weak Enforcement:-** Generally, enforcement of planning regulations and standard is weak. It was noticed that streets designated as “Traders only” streets were currently not being used for such purposes, the policy also specifically bans street trading within the local government on all other streets, but observations from the survey conducted revealed non-compliance and even unawareness by many informal sector workers of such policy or ban.

**3. Non Participation of Informal Sector Entrepreneur in Decision Making:** Responses obtained from the local government and the Eko District Office of the Lagos State Physical Planning and developing Authority indicated that most of these informal sector people do not get involved in decision taken due to their level of education. Therefore the physical planning agencies have to take decisions on their behalf.

The strategies currently being used for managing and regulating informal sector activities by the local government and the Lagos State Physical Planning and Development include information dissemination and sensitization, checkmating landuse conversion, and designating areas for informal sector activities.

**Hypothesis Testing:**

Regression analysis between number of informal sector activities and average income earned from informal sector activities.

**Model Summary**

Model	R	R square	Adjusted R square	Std. Error of	Durbin -Watson
				The estimate	
9	.960 <sup>a</sup>	.979	.976	1.1532	1.940

- a. Predictors (constant) x1 income
- b. Dependent variable: Y No of Informal sector.

In order to ascertain the degree of relationship between the number of informal sector activities and income earned from participating in informal sector activities the r square was computed. The Pearson’s Correlation coefficient is a measure of linear association. The r square of 0979 indicates about 98% relationship between the dependent variable and independent variable. The standard error of 1,1532 when compared with R square shows that a high level of bias exists among data. This was traceable to limited data used for the analysis. In addition, the Durbin Watson of 1.940 also indicates that autocorrelation exists among the data hence the data is not conclusive.

**Anova<sup>b</sup>**

Model	Sum of square	Df	Mean square	Sig
1. Regression	378.021	1	378.021	.000 <sup>a</sup>
Residual	7.979	6	1.330	
Total	386.000	7		

- a. Predictors: (constant), x1 income
- b. Dependent variable: Y No of informal sector

In order to ascertain the degree of difference among the variables, the analysis of variance was computed and the f calculated of 284.264 was greater than critical f of (1.6) = 5.59 thus income would be significantly influence involvement in the informal sector.

**Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1	-4.21E-02	1.201	.990	-.035	.973
constant	5.642	.335		16.860	.000
X <sub>1</sub> Income					

a. Dependent Variable. Y No of Informal sector

In order to ascertain the coefficient contribution of incomes earned to the involvement of people in informal sector activities, the t calculated of 16.860 was greater than critical of 1.895, which means that the contributions made by income to the involvement of people in informal sector activities is of significance, and thus the alternative hypothesis is accepted.

**Summary of Findings**

The study aimed at examining the challenges of improving informal activities conditions in the study area. The data analyzed using statistical tools revealed the following:

1. The study area is predominantly characterized with informal sector activities with the most prevalent category being the informal marketing category that entails mainly trading and the sale of various goods.
2. The survey revealed that employees of the informal sector were involved for a number of reasons that range from unemployment, supplementary income earned from other sources and inheritance. Others were involved informal sector activities because they were unable to obtain former sector.
3. Environmental degradation and violation of planning rules and regulations are factors commonly associated with informal sector activities that if unchecked would lead to gradual deterioration of environment of area where they are present.
4. The study area possesses quite a number of location factors that acts as pull factors for informal sector activities which informs its high intensity. Factors such as economies of scale, the presence of the formal sector job opportunities and private sector influence the presence and intensity of informal sector activities within the area.
5. There exists a range of operational problems being faced by the urban management boards in charge of the study area such as inadequate manpower and inadequate funding..
6. The planning regulatory and management agencies have been developing new strategies to better regulate the informal sector activities in the study area. These among others are; information dissemination, checkmating land use conversion, imposition of stiffer penalties and contravention.

**Recommendations for improving the condition of Informal sector Activities in the study area.**

The following are recommended as a means of improving the existing situation of informal sector activities in Lagos Island Local Government Area.

1. Embarking on baseline studies to obtain vital information about informal sector with the view of formulating policies and programmes that will enhance the effectiveness of both the informal sector operations and planning administration
2. The provision of infrastructure such as markets and designated spaces to enhance and promote the activities of the informal sector.
3. The provision of microfinance facilities such as loan scheme and other incentives to support identified informal sector activities that have potential of becoming large to the extent of aiding employment generation and boosting national economy.
4. Discouraging the over-concentration of informal activities in already built up areas by decentralizing such activities to new growth poles.
5. Educating informal sector workers on the dangers of environmental degradation, the violation of set back standards and other planning regulations, and the benefits of an organized urban environment.
6. Organizing informal sector workers into co-operative societies so as to provide forum to educate them and enjoy government assistance.

### **Conclusion**

The Federal Government of Nigeria strives to maintain orderly development through the available controlling devices. Urban management is one of these devices concerned more with the operation of a range of public services that affected urban conditions as a whole.

The level of application of physical planning principles and practices to control the effect of informal sector activities has been very low. All the above recommendations can only be achieved if there is undivided commitment by the planning regulatory agencies and the government agencies saddled with the responsibility of planning and managing the study area. At the same time, generous support is needed from policy makers and international organizations like the World bank and the United Nations to provide capital acquisition and technology with enabling environment for the development of a more proactive system capable of effective management of informal sector activities within the urban environment.

The government should therefore make efforts in formulating new policies aimed at improving the productive capacity of the sector through trading and re-trading, skill acquisition, technology upgrading, and financial assistance. Also the government must however seek to develop and establish a database of informal sector activities and workers for the purpose of providing all necessary information for planning and research purposes in relations to the sector.

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