



Informality, Livelihood Sustainability, and Community Development: Socioeconomic Characteristics and Contributions of the Informal Sector in Mowe Peri-Urban Community, Ogun State, Nigeria

Emmanuel, Olalekan Gabriel ¹

olalekanemmanuel76@gmail.com

Ademola Mohammed ADEYEMI ²

(ORCID 0009-0005-0544-5943)

adeyemi.ademola@lcu.edu.ng

Department of Urban and Regional Planning

Faculty of Environmental Design and Management,

Lead City University, Ibadan, Oyo State, Nigeria

Corresponding Author: Emmanuel, Olalekan Gabriel ¹

olalekanemmanuel76@gmail.com

Abstract

In developing countries across sub-Saharan Africa, informal economic activities form the backbone of household livelihood systems, particularly in rapidly expanding peri-urban communities. This paper examines the socioeconomic characteristics of informal sector workers and assesses the sector's contributions to livelihood sustainability and community development in Mowe Community, Obafemi-Owode Local Government Area, Ogun State, Nigeria. Using a quantitative research design, structured questionnaires were administered to 363 respondents selected through stratified random sampling across major informal activity zones. Data were analyzed using descriptive statistics. Findings indicate that Mowe's informal workforce is predominantly youthful (70.4% aged 18–45 years), gender-inclusive (54% male, 46% female), and educationally modest (41.3% secondary education). Street vending (32%) and petty trading (25%) dominate economic activity, and 76% of households depend exclusively on informal income. Despite income levels below the national poverty line (₦30,000–₦50,000 per month), respondents overwhelmingly affirm the sector's contributions to livelihood sustenance (95.2%), community cohesion (82.6%), food security (85.7%), and social inclusion. However, tensions between livelihood function and environmental sustainability were also identified. The study argues that the informal sector in Mowe is a vital—though underrecognized—driver of community development, and recommends its formal integration into local planning, financial, and policy frameworks.

Keywords: Informal sector; livelihood sustainability; peri-urban development; socioeconomic characteristics; poverty alleviation; community development; Nigeria



1. Introduction

Nigeria's informal sector constitutes one of the most significant yet least formally recognized components of the national economy. Contributing approximately 65% of gross domestic product and absorbing the majority of the labor force outside formal employment structures, the sector serves as the primary mechanism through which low-income households sustain their livelihoods (National Bureau of Statistics [NBS], 2023; ILO, 2018). Informal economic activities—encompassing petty trading, street vending, artisanal production, transport, and small-scale enterprise—provide entry points for workers who lack the educational credentials, capital, or social networks required for formal sector participation.

The peri-urban fringe of Nigeria's major urban agglomerations has emerged as a critical theater for informal economic activity. Communities along the Lagos–Ibadan corridor, such as Mowe in Ogun State, have experienced unprecedented growth driven by housing affordability, migration, and economic opportunity. As urbanization intensifies without commensurate expansion of formal employment, the informal sector increasingly defines the socioeconomic character of these communities.

Yet, despite its economic significance, the informal sector in peri-urban Nigeria remains poorly documented. Most empirical scholarship focuses on metropolitan cores—Lagos, Ibadan, Enugu—rather than on the intermediate peri-urban communities that constitute the frontier of Nigeria's urban expansion. Consequently, policy interventions frequently fail to account for the distinctive socioeconomic profiles, activity structures, and community development contributions of informal workers in these contexts.

This paper addresses this gap by providing an empirical account of the socioeconomic characteristics of informal sector workers in Mowe Community and assessing how informal economic activities contribute to livelihood sustainability and broader community development. The study is guided by three objectives: (i) to profile the socioeconomic characteristics of informal sector workers in Mowe; (ii) to assess informal sector contributions to household livelihoods and community well-being; and (iii) to identify the key tensions and trade-offs associated with informal economic activity in the study area.

2. Conceptual and Theoretical Framework

2.1 The Informal Sector in Peri-Urban African Contexts

The informal sector, as theoretically elaborated by Hart (1973) and subsequently institutionalized by the ILO, refers to income-generating activities that operate outside formal regulatory frameworks and are not recorded in official national accounts. In African peri-urban contexts, informality represents not a temporary condition awaiting formalization but a structural feature of economies characterized by surplus labor, weak institutional capacity, and inadequate formal sector absorption (Roy, 2019; Chen & Williams, 2020).



Meagher (2010) argues that Nigerian informal economies are shaped by identity networks—ethnic, kinship, and community ties—that regulate access to resources, markets, and credit in the absence of formal institutions. This perspective underscores the socially embedded character of informality and the inadequacy of purely economic assessments of the sector's function.

2.2 Theoretical Grounding

This study is anchored in two principal theoretical frameworks. The Sustainable Livelihoods Framework (SLF), as developed by Chambers and Conway (1992) and extended by Ellis (2000), provides a multidimensional lens for analyzing livelihood sustainability. The SLF posits that household livelihood outcomes are determined by the availability and combination of five capital assets: human capital (skills, health, education), social capital (networks, trust, collective action), physical capital (infrastructure, technology), financial capital (savings, credit, income), and natural capital (land, water, ecosystem services). In Mowe, informal economic activities both draw upon and generate these capital assets, making the SLF an apt analytical tool.

The Social Exclusion Theory, as elaborated by Silver (1994), provides a complementary framework for understanding the structural dimensions of informality. Social exclusion encompasses not merely income poverty but the multidimensional deprivation of access to employment, education, health services, political participation, and social protection. Informal workers in peri-urban Nigeria experience multiple intersecting exclusions that render them doubly marginalized: excluded from formal employment and its associated protections, and simultaneously excluded from effective policy attention.

2.3 Empirical Context

Empirical literature across sub-Saharan Africa consistently documents the informal sector's dual character: a necessary survival mechanism for structurally excluded populations that simultaneously perpetuates cycles of vulnerability. Osinubi and Simatele (2025) establish that informal economy participation in African countries is shaped by institutional quality, where weak governance amplifies informality's poverty-sustaining dimensions. Adeniran and Iyoha (2015) and Aremu, Adebowale, and Ajayi (2018) provide Nigerian-specific evidence of the informal sector's poverty reduction function, while acknowledging the limitations of informal income in generating sustained upward mobility.

In the context of peri-urban communities, Ubani and Sam-Amobi (2024) documented that informal workers in Enugu rely predominantly on home-based businesses and retail trading, with socioeconomic and spatial factors shaping activity selection. Akinrinlola (2025) emphasized the role of migrants as agents of informal economic dynamism in Ondo State, while Ademola, Olayemi, and Ojo (2025) provided direct evidence from Mowe of informal livelihoods' centrality to household survival and urban marginality.



3. Methodology

3.1 Research Design

A quantitative cross-sectional survey design was employed. This approach was selected for its capacity to generate representative, comparable data on demographic characteristics and livelihood conditions across a geographically concentrated but economically diverse study population.

3.2 Study Area

Mowe Community is situated within Obafemi-Owode Local Government Area, Ogun State, approximately 42 kilometres north of Lagos along the Lagos–Ibadan Expressway. The community has experienced rapid peri-urban growth since the 1980s, driven by the expansion of the Lagos metropolitan corridor, housing affordability, and economic migration. Its informal economy spans street vending, petty trading, artisanal production, domestic services, and localized transport. Mowe serves as a paradigmatic case of peri-urban informality within Nigeria's Southwest geopolitical zone.

3.3 Sampling and Instrumentation

The sample size of 363 respondents was determined using Cochran's (1977) formula for finite populations, with a 95% confidence level and $\pm 5\%$ margin of error. Stratified random sampling ensured proportional representation across major informal economic activity zones—markets, roadsides, artisanal clusters, and residential zones. The research instrument was a structured questionnaire comprising demographic items and Likert-scale attitudinal items (five-point scale, Strongly Agree to Strongly Disagree). Content validity was confirmed through expert review; reliability was established via Cronbach's Alpha ($\alpha > 0.70$). Questionnaires were administered face-to-face over a six-week fieldwork period in 2023.

3.4 Data Analysis

Descriptive statistics—frequency distributions, percentages, and cross-tabulations—were used to summarize the socioeconomic profile of respondents and their perceptions of informal sector contributions. IBM SPSS Statistics version 25 was used for all analyses.

4. Results and Discussion

4.1 Socioeconomic Profile of Informal Sector Workers

The socioeconomic characteristics of the 363 respondents are summarized in Table 1. The sample reflects a gender-inclusive informal workforce—54% male and 46% female—confirming that Mowe's informal economy is not a male-dominated space but accommodates significant female participation across trading, domestic services, and food vending. This finding aligns with ILO

(2018) documentation of women's disproportionate representation in informal trade across West Africa.

Characteristic	Category	Frequency	Percentage (%)
Gender	Male	195	54.0
	Female	168	46.0
Age (years)	18–30	130	36.0
	30–45	125	34.4
	45–55	88	24.2
Education	55–65	20	5.5
	Secondary School	150	41.3
	OND/NCE	80	22.0
Primary Activity	Primary School	70	19.3
	B.Sc./HND	63	17.4
	Street Vending	116	32.0
	Petty Trading	91	25.0
Income Source	Other Businesses	91	25.0
	Artisanal Work	65	18.0
	Informal work only	276	76.0
	Informal + Formal/Remittances	87	24.0

Table 1: Socioeconomic Characteristics of Informal Sector Workers in Mowe Community (n = 363). Source: Author's Fieldwork, 2023.

The age distribution reveals a predominantly youthful workforce: 70.4% of respondents were aged between 18 and 45 years (mean age = 36.9 ± 11.4 years). This profile is consistent with findings from comparable African contexts. Adegbite and Olayemi (2022) documented high rates of youth participation in Nigeria's informal economy driven by structural unemployment and limited access to formal vocational pathways, while Abraham (2024) observed similar patterns in Addis Ababa, where youth informality reflects systemic barriers to formal sector entry.

Educational attainment was modest across the sample. The majority (41.3%) held secondary school certificates, with smaller proportions at OND/NCE (22%), primary school (19.3%), and higher education (17.4%) levels. This educational profile constrains workers' ability to access credit (which often requires collateral or formal documentation), navigate regulatory requirements, or transition to formal employment, reinforcing the cycle of informal engagement.

Street vending (32%) and petty trading (25%) dominated the activity distribution. These low-entry-barrier activities require minimal start-up capital and can be conducted without permanent premises—features well-suited to the resource constraints of Mowe's informal workers. Artisanal work (18%) represented a skills-based segment of the informal economy with somewhat higher income potential but greater vulnerability to input cost fluctuations.

The income data reveal the precarious financial position of Mowe's informal workers. Three-quarters of respondents (76%) relied exclusively on informal work, with average monthly earnings of ₦30,000–₦50,000—below the national poverty line. This finding is consistent with Auwal (2024), who documented comparable income levels among rural informal workers in northern Nigeria, and with Halim and Shah (2025), who characterized income instability as a defining feature of informal employment across South Asia. The concentration of exclusive informal income earners reflects both the limited availability of formal employment in Mowe and the community's role as an absorber of workers excluded from Lagos's formal labor market.

4.2 Informal Sector Contributions to Livelihood and Community Development

Table 2 presents respondents' perceptions of the informal sector's contributions to community well-being. The data reveal a strongly affirmative assessment of the sector's developmental function.

Contribution	SA (%)	A (%)	Agree Combined (%)
Provides livelihood opportunities and alleviates poverty	60.6	31.1	91.7
Contributes to food security and income generation	58.1	27.6	85.7
Contributes to residents' overall livability	55.1	22.0	77.1
Fosters social cohesion and community bonding	57.6	30.6	88.2
Impact on children's nutrition and well-being	31.1	60.6	91.7
Poses challenges to sustainable development	5.5	3.3	8.8 (minority)
Has negative environmental impacts	4.1	0.8	4.9 (minority)

Table 2: Perceptions of Informal Sector Contributions to Livelihood and Community Development (n = 363). Source: Author's Fieldwork, 2023.

The near-universal agreement (91.7%) that informal activities provide livelihood opportunities and alleviate poverty reflects the sector's function as the primary economic safety net in Mowe. This assessment aligns with Popoola (2021), who documented the informal sector's poverty-reduction function in Southwestern Nigeria, and with Mahlangu et al. (2022), who identified the informal sector as a local economic development engine in South Africa.

Food security contributions were affirmed by 85.7% of respondents, underscoring the linkage between informal trade—particularly in agricultural produce, cooked food, and retail commodities—and household nutritional outcomes. This finding resonates with UNICEF's (2019) documentation of informal food systems as critical pathways for nutrition in low-income urban communities.

Social cohesion emerged as a significant community development contribution: 88.2% of respondents agreed that informal activities foster a sense of community and social bonding.



Informal markets and trade spaces function not merely as sites of economic exchange but as social arenas where relationships are built and maintained. This dimension of informality supports Putnam's (2000) conceptualization of social capital as a developmental resource and corroborates Obaitor et al.'s (2021) findings on social capital as a resilience driver in Lagos informal settlements.

Notably, the study found strong consensus against the proposition that informal activities damage sustainable development (only 8.8% agreement) or the environment (4.9%). This perception may reflect respondents' intimate experience of the sector's livelihood benefits, which render environmental costs less salient in daily assessment. It may also reflect genuine environmental adaptations—such as solar energy adoption and waste recycling—that some informal actors in Mowe have integrated into their operations.

4.3 Tensions and Trade-offs

However, a contrasting picture emerged when questionnaire items specifically framed environmental questions differently. When asked about the sector's socio-economic contributions (Table 4.3.2 in the original study), 88.2% agreed that informal activities have negative environmental impacts. This apparent contradiction suggests that respondents distinguish between the sector as a livelihood system (which they evaluate positively) and specific informal practices (which they recognize as environmentally problematic). This nuanced duality mirrors findings from Dada et al. (2022), who documented the informal economy's complex relationship with ecological footprint in African countries—simultaneously a source of environmental burden and, through recycling and resource recovery, a potential contributor to circular economy principles.

The socioeconomic profile data also reveal structural tensions within the sector. The low educational attainment of most workers (63.6% below OND/NCE level) constrains access to microfinance, technology adoption, and upward economic mobility. The concentration in low-barrier activities like street vending limits income diversification within the informal sector itself. And the exclusive reliance on informal income (76%) for households already earning below poverty thresholds creates acute vulnerability to economic shocks—illness, market disruptions, infrastructure failures—with no formal safety net to absorb the impact.

5. Discussion: Implications for Policy and Practice

The findings present a paradox central to informal sector governance across sub-Saharan Africa. The informal economy in Mowe is simultaneously indispensable and precarious: it sustains the majority of households, generates community cohesion, and provides food security—yet it does so under conditions of persistent poverty, infrastructural neglect, and institutional exclusion.

The socioeconomic profile of Mowe's informal workers challenges developmental narratives that position informality as a transitional state. The combination of youthful age, modest education, and exclusive income dependence suggests that informality in Mowe is not a stage en route to formal employment but a structural condition reproduced across generations. As Birhanu and Bisset (2024) observed in Dire Dawa, Ethiopia, the drivers of informality—unemployment, low



education, capital scarcity—are themselves products of systemic governance failures that cannot be addressed by individual enterprise alone.

The strong community development contributions documented in this study—livelihood sustenance, food security, social cohesion—provide an empirical case for the positive externalities of the informal sector that are typically excluded from formal economic accounting. National development frameworks in Nigeria, including the Sustainable Development Goals Implementation Plan (2020–2030) and the National Policy on Micro, Small and Medium Enterprises, nominally recognize the informal sector's economic contribution. However, implementation mechanisms have failed to translate this recognition into tangible support for workers in peri-urban communities like Mowe (Adetola, 2025).

Recommendations arising from these findings are structured around three imperatives. First, formal recognition and integration: the informal sector in Mowe and comparable communities should be explicitly incorporated into local government planning frameworks, ensuring that informal traders and artisans are consulted in decisions affecting their operating environments. Second, targeted financial inclusion: expansion of accessible, collateral-free microfinance facilities and financial literacy programs tailored to the specific needs of low-income informal workers. Third, infrastructural investment: prioritized rehabilitation of road networks, provision of reliable electricity, and establishment of formal market spaces that reduce transaction costs and improve working conditions for informal sector actors.

6. Conclusion

This study establishes that Mowe Community's informal sector is a demographically diverse, gender-inclusive, and economically essential system that sustains the livelihoods of the majority of the community's low-income residents. Despite modest educational attainment, exclusive income dependence, and earnings below the national poverty threshold, informal workers generate significant positive community externalities—in poverty alleviation, food security, and social cohesion—that formal policy frameworks have yet to adequately recognize or support.

The findings contribute to the empirical literature on peri-urban informality in Nigeria by providing context-specific, quantitative evidence from a community that has been largely overlooked in both academic scholarship and policy design. They reinforce the argument, advanced by the Sustainable Livelihoods Framework and Social Exclusion Theory, that sustainable livelihood outcomes require not merely individual adaptive capacity but systemic institutional support that reduces the structural barriers constraining informal sector development.

Future research should employ longitudinal designs to track socioeconomic mobility within and beyond Mowe's informal sector, examine the gender-differentiated dimensions of livelihood sustainability, and assess the effects of specific policy interventions—microfinance expansion, infrastructure investment, market regularization—on informal workers' income stability, asset accumulation, and community development contributions.



References

Abraham, A. H. (2024). The role of the informal sector as a safety net for youth unemployment in Addis Ababa [Doctoral dissertation, University of South Africa]. https://ir.unisa.ac.za/bitstream/handle/10500/31084/thesis_abraham%20asha%20herano.pdf

Adeniran, A. E., & Iyoha, F. O. (2015). The role of informal economy in poverty reduction: Empirical evidence from Nigeria. *Journal of Poverty, Investment, and Development*, 9, 56–71.

Adegbite, A., & Olayemi, T. (2022). Informal employment and youth entrepreneurship in Nigeria: Trends and policy gaps. *African Journal of Economic Policy*, 29(1), 45–62. <https://doi.org/10.4314/ajep.v29i1.4>

Adetola, E. (2025). The impact of government policies on informal sector resilience in Nigeria [Master's thesis, Örebro University]. <https://oru.diva-portal.org/smash/get/diva2:1976626/FULLTEXT01.pdf>

Ademola, A. O., Olayemi, T. A., & Ojo, M. A. (2025). Informal livelihoods and urban marginality: A study of Mowe Community in Ogun State, Nigeria. *Journal of Urban Studies and Development*, 5(1), 45–62.

Akinrinlola, A. D. (2025). The role of migrants as agents of sustainability and development within the informal economy of Ondo State, Nigeria. *Multidisciplinary Journal of Management and Social Sciences*, 2(2).

Aremu, M. A., Adebowale, O. F., & Ajayi, P. O. (2018). Informal sector and poverty reduction: Evidence from Nigeria. *Journal of Poverty, Investment, and Development*, 43, 68–78.

Auwal, I. (2024). Informal economic activities and livelihood sustainability among rural women in Northern Nigeria. *Journal of Development Studies in Africa*, 16(1), 45–62.

Birhanu, T., & Bisset, E. (2024). The blind women and the elephant: Causes of informal sectors, case of Dire Dawa City, Ethiopia. *Journal of the Knowledge Economy*. <https://doi.org/10.1007/s13132-024-02409-7>

Chambers, R., & Conway, G. R. (1992). Sustainable rural livelihoods: Practical concepts for the 21st century (IDS Discussion Paper 296). *Institute of Development Studies*.

Chen, M. A., & Williams, C. C. (2020). Informal employment. *Oxford Research Encyclopedia of Economics and Finance*. <https://doi.org/10.1093/acrefore/9780190625979.013.38>

Cochran, W. G. (1977). *Sampling techniques* (3rd ed.). John Wiley & Sons.



Dada, J. T., Danish, M., & Arnaut, M. (2022). Informal economy and ecological footprint: The case of Africa. *Environmental Science and Pollution Research*. <https://doi.org/10.1007/s11356-022-20919-2>

Ellis, F. (2000). Rural livelihoods and diversity in developing countries. *Oxford University Press*.

Halim, F., & Shah, I. (2025). Income without security: Financial anxiety among informal workers in South Asia. *Journal of Informal Economy and Social Well-being*, 9(1), 33–51.

International Labour Organization. (2018). Women and men in the informal economy: A statistical picture (3rd ed.). ILO.

Mahlangu, S., et al. (2022). The role of the informal economy on local economic development in South Africa. *Journal of Public Administration, Finance and Law*, 32, 101–118.

Meagher, K. (2010). Identity economics: Social networks and the informal economy in Nigeria. James Currey.

National Bureau of Statistics. (2023). Labour force statistics: Employment by sector Q4 2023. NBS. <https://nigerianstat.gov.ng>

Obaitor, O. S., Lawanson, T. O., Stellmes, M., & Lakes, T. (2021). Social capital: Higher resilience in slums in the Lagos metropolis. *Sustainability*, 13(7), 3879. <https://doi.org/10.3390/su13073879>

Osinubi, T., & Simatele, M. (2025). Informal economy, institutional quality, and socioeconomic conditions in African countries. *Economic Journal of Emerging Markets*, 95–109.

Popoola, M. A. (2021). Entrepreneurship practice as a means of poverty reduction in Southwestern Nigeria. In Management and entrepreneurship: *Trends of development* (Vol. 2, No. 16, pp. 82–100).

Putnam, R. D. (2000). Bowling alone: The collapse and revival of American community. Simon & Schuster.

Roy, A. (2019). Urban informality: The production of space and practice of planning. In The Routledge handbook on cities of the Global South (pp. 131–148). *Routledge*.

Sen, A. (1999). Development as freedom. *Oxford University Press*.

Silver, H. (1994). Social exclusion and social solidarity: Three paradigms. *International Labour Review*, 133(5–6), 531–578.

Ubani, O., & Sam-Amobi, C. (2024). An analysis of the livelihood coping strategies of peri-urban dwellers in Enugu urban, South East Nigeria. *Journal of Environmental Studies*, 35(1), 15–22.

UNICEF. (2019). The state of the world's children 2019: Children, food and nutrition. United Nations Children's Fund.
