



Informal Sector Dynamics in Nigerian Urban Contexts: A Comparative Study

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Abstract

The Nigerian urban context is characterized by a significant informal sector that contributes substantially to the economy but faces regulatory challenges and limited access to formal financial services. The study employed qualitative interviews with entrepreneurs and policymakers, along with secondary data analysis from official statistics and academic literature. A mixed-methods approach was used to ensure comprehensive coverage of the subject matter. The findings indicate that while there is a growing trend towards formalization among some sectors, particularly in Lagos and Abuja, other urban areas like Kano and Enugu continue to rely heavily on informal business practices due to economic constraints and regulatory hurdles. This study highlights the complex interplay between government policies, market dynamics, and community expectations that influence the evolution of the Nigerian informal sector. It underscores the need for tailored interventions aimed at supporting sustainable formalization without stifling entrepreneurial spirit. Policy recommendations include fostering inclusive business environments, enhancing access to finance through innovative financial products, and promoting education on legal frameworks among entrepreneurs.

Keywords: *Informal Economy, Urbanization, Microfinance, Development Economics, Comparative Analysis, Small Business Studies, Growth Models*

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