



Informal Sector Dynamics in Ghanaian Urban Businesses: A Comparative Study

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Abstract

Informal sector businesses are prevalent in urban African economies, particularly in Ghana where they contribute significantly to employment and economic activity. Understanding their dynamics is crucial for policymakers and business practitioners aiming to foster inclusive growth. The research employs a qualitative comparative analysis approach, drawing insights from semi-structured interviews conducted with 50 business owners in both informal and formal sectors. Data collection involved collecting financial records and conducting surveys focusing on business practices, challenges, and market access. Informal sector businesses in Ghana operate with significantly lower average capital investment compared to their formal counterparts, averaging 20,000 versus 50,000 respectively, reflecting a substantial disparity in resource allocation and operational capabilities. This finding highlights the unique challenges faced by informal enterprises. The comparative analysis underscores the importance of tailored support mechanisms for informal sector businesses to enhance their resilience and competitiveness within urban Ghanaian economies. Policymakers are encouraged to develop targeted financial inclusion programmes, such as microfinance schemes specifically designed to assist informal sector entrepreneurs with limited capital access. Such initiatives could foster a more inclusive economic environment. informal sector, urban businesses, Ghana, comparative study

Keywords: *African geography, Informal economy, Microfinance, Market segmentation, Participatory methods, Small-scale enterprises, Urbanization dynamics*

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