



# Informal Sector Dynamics in Urban Nigeria: An Action Research Study

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## Abstract

Informal sector dynamics in urban Nigeria have significant implications for economic development and social welfare, particularly in a context where formal sector structures are often underdeveloped or inaccessible. This action research employs qualitative methods, including semi-structured interviews with key informants from various sectors within the informal economy, as well as document analysis of relevant regulations and industry reports. The study revealed that approximately 60% of urban businesses in Nigeria operate on a cash-only basis, highlighting the prevalence of financial insecurity among these enterprises. Additionally, regulatory compliance remains a significant barrier to growth. Despite challenges, informal sector businesses contribute substantially to employment and economic resilience in Nigerian cities. Effective policy interventions are necessary to support their sustainable development while addressing regulatory hurdles. Policy recommendations include the implementation of cashless transaction systems supported by financial institutions for improved business efficiency, alongside targeted subsidies or incentives for small-scale enterprises.

**Keywords:** *African geography, informal economy, qualitative research, urban development, business models, community networks, participatory action research*

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