



## Slum Entrepreneurship: A Panacea for Solving Nigeria's Socio-Economic Hardship in Lagos State, Nigeria

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**Abstract:** This paper investigates the role of slum entrepreneurship in mitigating socio-economic hardship within selected slum settlements in Lagos State, Nigeria. It explores how the type of entrepreneurial activity, access to capital, social networks, government policy, and entrepreneurial mindset influence business success and poverty alleviation. Prior research on informal entrepreneurship in slums shows mixed results regarding its capacity to foster sustainable economic development, thus necessitating a comprehensive analysis within Lagos's unique urban context. The study employs a quantitative method approach, with data collected via questionnaires administered to 600 entrepreneurs across six slum areas in Lagos. Descriptive and regression analyses are conducted to examine the relationships between the variables of interest and entrepreneurial outcomes. The findings reveal that formal entrepreneurial activities, adequate access to capital, and robust social networks significantly enhance business sustainability and reduce socio-economic hardship. Conversely, restrictive government policies and limited financial support hinder entrepreneurial growth. Additionally, entrepreneurial motivation and mindset are critical in enabling residents to overcome economic adversity. The study is geographically confined to Lagos State slums, limiting generalizability. However, the findings provide a nuanced understanding of slum entrepreneurship's multidimensional nature and call for integrated interventions addressing both structural and psychological factors. Policymakers should prioritize formalization incentives, financial inclusion tailored to informal entrepreneurs, community-based support mechanisms, regulatory reforms, and entrepreneurial education programs to maximize slum entrepreneurship's poverty-alleviation potential. Strengthening entrepreneurship in slums can contribute to reducing urban poverty, improving livelihoods, and fostering inclusive economic growth in rapidly urbanizing African cities. This study advances the literature by combining multiple determinants of entrepreneurial success in slums within a single empirical framework, offering actionable insights for policymakers, practitioners, and scholars focusing on informal urban economies.

**Keywords:** Slum Entrepreneurship; Socio-Economic; Informal Economy; Financial Inclusion; Social Networks

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## 1. Introduction

Over the past four decades, Lagos State Nigeria's commercial nerve centre has undergone rapid urbanisation, transforming into one of Africa's largest megacities. According to estimates available as of 2023, Lagos had a population exceeding 23 million (Oladehinde, 2025; Adesina-Uthman et al., 2022), a figure that continues to rise amid the absence of more recent official statistics. This urban expansion has intensified spatial inequality, with more than 60% of the city's residents living in informal settlements (Nzeadibe & Mbah, 2015). Slum communities such as Makoko, Ajegunle, Bariga/Ilaje, Iwaya, Agege, and Mushin are especially affected by urban poverty and systemic marginalisation (Adeosun & Popogbe, 2021). These areas typically lack access to adequate sanitation, experience regular power and water shortages, and have limited healthcare and educational services.

Mostly, Lagos slums appear because people move from rural places for economic and environment reasons in other parts of Nigeria (Adesina-Uthman et al., 2022). An inadequate supply of official housing and poorly developed urban masterplans cause many displaced people to live in informal settings (Pugalis, Giddings & Anyigor, 2014). About 85,000 people live in Makoko, popularly known as the "Venice of Africa," in stilt houses with few public facilities (Adeosun & Popogbe, 2021). Just like Sogunle, Ajegunle includes areas that have both work and home spaces, but the area suffers from ineffective infrastructure and leadership (Oladehinde, 2025).

Statistics show the precariousness faced by slum dwellers: unemployment rates in Lagos informal settlements are estimated at over 40%, significantly higher than the national average of 27% (Micah, Idowu & Orija, 2015). It is important to note that 70% or more of households in these locations are considered poor, reflecting regular shortages of income (Nzeadibe & Mbah, 2015). According to Oladehinde (2025), the lack of proper social security and ongoing troubles from the environment make the situation worse, causing both poor health and ongoing poverty.

As a result of these problems, many people rely on entrepreneurship both to stay alive and to make a living. In most slums, important sources of income are produced by small and micro enterprises in the community such as street vendors, artisans, restaurants and small shops (Ciambotti, 2021). The money generated by these activities makes a big difference to families, while helping create almost all the jobs in Lagos slums (Pugalis et al., 2014). It is important to note that entrepreneurship in this context depends on networks and institutions in the community which help keep businesses going in spite of systemic difficulties (Nzeadibe & Mbah, 2015).

Even so, a number of factors stop slum entrepreneurship from effectively reducing poverty and promoting growth. A lack of funds, poor roads and buildings, confusion about land ownership and tough policies stop companies from expanding and improving (Williams & Gurtoo, 2011; Adeosun & Popogbe, 2021). Just one in five people selling informally in Lagos' slums rely on regular banks. Most people depend on credit that has high interest but offers little assurance (Micah, Idowu & Orija, 2015). Also, government policies may not help slum communities because too many initiatives are either poorly designed or poorly carried out (Pugalis, Giddings & Anyigor, 2014).

The problems in these neighborhoods make us wonder how entrepreneurship works in Lagos and what affects its role in supporting growth in the region. Studying is especially necessary to understand if capital plays a role in business success, the way communities encourage entrepreneurs, how laws from the government impact startups and the role of motivation and a good startup attitude in overcoming economic troubles.

Studying situations like Makoko, Ajegunle, Bariga/Ilaje, Iwaya, Agege and Mushin can teach us how slum areas support inclusive city growth. Because of all this, our study will use evidence from the field to explore entrepreneurial activities in Lagos's informal settlements.

### **1.1. Research Objectives**

- 1) To examine how the type of entrepreneurial activity (formal or informal) in Lagos slums influences socio-economic hardship.
- 2) To see how assistance with capital (from microfinance and the government) makes entrepreneurship more successful in slum areas.
- 3) Examining how people relying on networks and local groups help businesses thrive in Lagos slums.
- 4) To examine how government actions influence the development and growth of entrepreneurship in Lagos State slums.
- 5) To investigate how the entrepreneurial mindset and motivation of slum residents affect their ability to overcome socio-economic hardship.

### **1.2. Hypotheses**

H1: The type of entrepreneurial activity (formal or informal) has a significant influence on reducing socio- economic hardship among slum residents in Lagos.

H2: When capital is more available to people, including microfinance, chances of succeeding in entrepreneurship improve in Lagos slums.

H3: Research shows that community networks and strong support groups increase business longevity in slum communities.

H4: Supportive or obstructive government policies have a strong effect on the growth of entrepreneurship in Lagos State slums.

H5: The entrepreneurial mindset and motivation of slum residents significantly contribute to their ability to overcome socio-economic hardship.

## **2. Literature Review**

Nigeria which is Africa's most populated country, regularly struggles with serious socio-economic issues that negatively affect its urban poor, especially those living in slums near Lagos State, the country's economic heart and one of the fastest-growing cities worldwide (Adesina-Uthman et al., 2022; Oladehinde, 2025). Such slums are characterized by crowding, incomplete infrastructure, a lack of basic amenities, services and high unemployment which all represent the many challenges of urban poverty and social separation (Adeosun & Popogbe, 2021; Nzeadibe & Mbah, 2015). In such circumstances, slum entrepreneurship has become a major way for people to overcome marginalization and economic risk (Ciambotti, 2021; Micah, Idowu & Orija, 2015).

Most slum entrepreneurs focus on small, unofficial jobs to support themselves and their activities add to family and community income (Pugalis, Giddings & Anyigor, 2014). They work where informality and innovation overlap and they handle rules by relying on their social and community ties to keep their businesses going (De Soto, 1989; Roy, 2005). While slum entrepreneurship is gaining attention as a way to reduce poverty and support development, experts do not agree on its overall impact, how long it lasts and the many factors that affect it in Lagos State (Williams & Gurtoo, 2011; Nzeadibe & Mbah, 2015). Moreover, using formal and informal as the main categories does not fully explain the mixed and changing activities involved in entrepreneurship in slums (Kusakabe, 2012; Mitullah, 2003).

## 2.1. Theoretical Review

To ground the research hypotheses and provide a multidimensional understanding of slum entrepreneurship, four theoretical frameworks have been adopted. These theories help explain not only *why* entrepreneurship emerges in slums, but also *how* it functions as a socio-economic strategy and what factors mediate its outcomes.

### 2.1.1. Informal Economy Theory

Initially conceptualized by Keith Hart (1973) and further expanded by Portes and Castells (1989), the Informal Economy Theory explains economic activities that operate outside formal regulatory frameworks. It is particularly useful in interpreting the dominance of informal entrepreneurial practices in Lagos slums, where structural barriers such as excessive regulation, limited job creation, and institutional voids necessitate alternative income strategies (Chen, 2012; Williams & Gurtoo, 2012). This theory directly supports **H1** by explaining the persistence and economic relevance of informal entrepreneurship, and **H4**, by foregrounding the impact of government policies (supportive or obstructive) on slum-based business viability.

### 2.1.2. Sustainable Livelihoods Framework

The Sustainable Livelihoods Framework (SLF), operationalized by DFID (1999) and originally proposed by Scoones (1998), identifies five forms of capital human, social, financial, physical, and natural that individuals mobilize to achieve economic security. Within the context of slum entrepreneurship, access to microfinance and other forms of capital becomes critical to entrepreneurial success (Aliyu et al., 2022). The SLF thus underpins **H2**, which posits that improved access to financial resources, including microcredit, significantly enhances entrepreneurial performance in low-income urban environments.

### 2.1.3. Urban Poverty and Resilience Theory

Tacoli (2003) and UN-Habitat (2016) emphasize that urban poor populations exhibit adaptive resilience in the face of resource scarcity and environmental shocks. This theory sheds light on how collective agency, informal institutions, and community support structures facilitate socio-economic survival in slums. It lends conceptual backing to **H3**, which hypothesizes that community networks and peer support systems enhance business longevity in these contexts (Kaiser et al., 2025; Obaitor et al., 2021).

#### **2.1.4. Theory of Planned Behavior**

Ajzen's (1991) Theory of Planned Behavior (TPB) is relevant to understanding entrepreneurial decision-making in resource-constrained settings. TPB focuses on the influence of attitudes, subjective norms, and perceived behavioral control on individual intentions and actions. Applied to slum entrepreneurship, TPB helps explain how entrepreneurial mindset and motivation influence both entry into and persistence in self-employment, especially where environmental constraints are high. This theory provides the psychological foundation for **H5**, which posits that the mindset and motivation of slum entrepreneurs are key determinants of their ability to navigate socio-economic adversity (Ruiz-Alba et al., 2021).

### **2.2. Conceptual Review**

#### **2.2.1. Importance of Slum Entrepreneurship**

Slum entrepreneurship increases the income for many because it provides opportunities that are not part of conventional economic systems. As there are few working opportunities in Lagos slums, people there often make a living by running businesses (Adeosun & Popogbe, 2021; Micah, Idowu & Orija, 2015). In economically hard times, helping slum residents earn an income through small businesses reduces poverty and helps families make ends meet (Ciambotti, 2021; Pugalis, Giddings & Anyigor, 2014).

Besides, helping people in slums through entrepreneurship means women and youth can learn new skills and become more independent (Nzeadibe & Mbah, 2015). As a consequence such companies help communities become stronger, replacing the traditional safety nets with new support systems (Oladehinde, 2025).

Yet, slum entrepreneurship is held back by the fact that most commercial activities are done informally, making it harder for people to get credit, better infrastructure or help from officials (Williams & Gurtoo, 2011). Consequently, most entrepreneurs can't grow or upgrade their businesses since they're mainly focused on just surviving. For this reason, slum entrepreneurship can tackle current poverty, but for its development to grow, authorities need to learn about informal economies and help people move into legal jobs (Ciambotti, 2021). So, when slum entrepreneurs encounter less hindrance from institutions and infrastructure, it allows the city's economy to become more inclusive.

#### **2.2.2. Features of Slum Entrepreneurship**

The type and structure of slum entrepreneurship is influenced by the social, economic and physical environments in informal settlements. Most companies in slums are not registered and follow few of the business rules. Given that official institutions won't allow them in, the majority of entrepreneurs prefer informal work opportunities (Micah, Idowu & Orija, 2015).

Usually, a business owner worries more about surviving each day through funds than about growing their company (Nzeadibe & Mbah, 2015). Therefore, companies strive to be flexible, save costs and go for any opportunities that are now available.

It is very important how individuals fit into the community. A lot of people starting their own businesses depend on family, community, their ethnic groups and acquaintances to cover finances, exchange knowledge and reduce risks (Oladehinde, 2025). Because businesses and authorities provide

limited support such structures are important, but if a network remains very closed, they might not allow it to improve and expand.

Women in the slums regularly face both financial and cultural barriers as they try to run businesses and markets (Adeosun & Popogbe, 2021). As there is a relationship between gender and entrepreneurship, new support and empowerment efforts should be used.

Knowing where slum entrepreneurship differs from normal entrepreneurship is not easy. Many entrepreneurs first use informal strategies before trying to organize them to meet the rules and financial requirements (Kusakabe, 2012). Since slum life and work are not simple, both actions and plans must recognize what people in these regions go through.

### **2.2.3. Entrepreneurial Activity Types and Socio-Economic Hardship in Slums**

Both little, casual companies and larger, formal businesses fall under the category of slum entrepreneurship. Seeing that formal and informal entrepreneurship affect hardship differently is important in understanding what happens in slums (Williams & Nadin, 2012; Kaviarasu & Ramasamy, 2022; Singh & Singh, 2024). Most of the enterprises in Lagos slums are informal and have only a small amount of financial resources, including street selling, little trading and home services (according to Etim & Daramola from 2020 and Oloko et al., 2022). Entrepreneurship and selling allows a lot of marginalized individuals to support their needs and live better (Anetor, 2015; Bromley, 2000; Recchi, 2021).

Nonetheless, legal uncertainty, lack of credit and being excluded from formal markets often stop these enterprises from expanding and put them at more risk (Williams & Gurtoo, 2012). But those that take the official route and register as entrepreneurs are usually expected to follow the rules and this helps them access additional help and money (Boudreaux & Nikolaev, 2019). That's why many people working in slums tend to run their businesses informally, since registering their businesses is not common (Mitullah, 2003; Forkuor, et al., 2017). Levy (2008) claims that formal entrepreneurship leads to stronger economic and social results because it can be built up more readily, is trustworthy and links to bigger economic sectors. Because informal entrepreneurship is often the only option for some to work, it involves risks and usually leads to low income and productivity (Liedholm & Mead, 1999). In Lagos, it is clear that some informal entrepreneurs later formalize their businesses which means there is a lot of movement between being informal and formal (Zisopoulos et al., 2023; Peimani & Kamalipour, 2022).

### **2.2.4. Access to Capital and Entrepreneurial Success in Slums**

For people living in challenging conditions like slums, getting the financial support they need makes entrepreneurial success much more likely, Beck, Demirguc-Kunt and Levine (2005) found. Because banks and other formal organizations consider low-income people in Lagos slums to be risky, entrepreneurs prefer using microfinance, informal loans and savings groups (Ledgerwood, 2013; Rita & Laosebikan, 2021). Because of MFIs, informal sector businesses now have access to loans that help them get started and continue to grow (Armendáriz & Morduch, 2010). In sub-Saharan Africa, getting microcredit means entrepreneurs can buy needed inventory, buy tools and have more working capital, all of which bring better earnings (Onyekwelu, et al., 2023; Tundui & Tundui, 2024). Even so, the results of these loans depend a lot on the money's amount, the interest fee and the repayment terms, so slum entrepreneurs might find them too complicated (Rhyne & Otero, 2006).



Additionally, government initiatives to improve entrepreneurship in Lagos slums are made less effective by a shortage of finances, too many restrictions and mistakes in picking beneficiaries (Osho & Ojumu, 2024). More people living in rural areas obtain financing by referring to social networks and ROSCAs than through more traditional, formal ways (Nan et al., 2025; Dinis, & Libombo, 2024). Although formal organizations do not exist, these informal ones help out, although they hardly have any funds and do not enjoy legal protection.

### **2.2.5. Social Networks, Community Support, and Business Sustainability**

How well businesses succeed and last in slums is mainly influenced by the support of social networks and the community (Granovetter, 1973; Putnam, 2000). The fact that formal institutions are not easy to use in Lagos slums often means entrepreneurs acquire resources and learn skills from family, their ethnicity and local organizations (Adler & Kwon, 2002; Portes, 1998). They support trust, reduce how much it costs to run a business and give companies ways to stay strong without formal rules (Burt, 1992; Lin, 2001). It has been shown through research that having strong community networks encourages mutual help and supports members with financial incentives, informal mentorship and similar responsibilities (Fafchamps & Minten, 2002; Woolcock & Narayan, 2000).

Since resources and credit are rarely found in slum communities, these kinds of social support become especially vital (Granovetter, 1985; Cross, 2000). Still, social capital alone is not enough; businesses also need a wide range of connections linking slum entrepreneurs to other groups and programs. Studies in such settlements demonstrate that working closely with those close can greatly enhance community life, though over-dependence on familiar networks can prevent change and progress (İzmen, 2018; Kuk et al., 2024). That's why it is necessary in Lagos to set up networks locally and link businesses to the larger economy to support their chances of succeeding in the long run.

### **2.2.6. Government Policy Impact on Slum Entrepreneurship**

The policies made by governments can create both chances and restrictions for slum entrepreneurs (Adeosun & Popogbe, 2021). Despite several poverty alleviation and development plans in Lagos State, the unique situation of slum enterprises is often left out of formal policy frameworks because they are mostly informal and not included in main economic planning (Adesina-Uthman et al., 2022; Nzeadibe & Mbah, 2015). Studies show that many business regulations, including licensing, taxes and city planning rules, make it difficult for entrepreneurs in slums to obtain credit, get property rights or use government assistance (Pugalis, Giddings & Anyigor, 2014). As a result of these obstacles, poverty and insecurity continue in Lagos slums such as Makoko, where many entrepreneurs live (Adeosun & Popogbe, 2021; Oladehinde, 2025).

Though government microfinance and training programs support entrepreneurship, their achievement is often lowered by ineffective bureaucracy and mismatched efforts with local requirements (Micah, Idowu & Orija, 2015). Exclusion from formal networks makes slum entrepreneurs more vulnerable, showing the importance of policies that appreciate the blur between informal and formal activities and encourage everyone to participate (Ciambotti, 2021). It is often argued that a better outcome can be achieved by combining changes in regulations, increasing infrastructure and encouraging community participation to help slum entrepreneurs thrive (Nzeadibe & Mbah, 2015; World Bank, 2020). Business registration reforms, better infrastructure and more tools for finance and social support are key to turning slum entrepreneurship from a way to survive into a way to achieve economic freedom (Adeosun & Popogbe, 2021; Pugalis et al., 2014).

### **2.2.7. Entrepreneurial Mindset, Motivation, and Overcoming Socio-Economic Hardship**

Having a positive attitude and a lot of motivation is necessary for those from slums to get through difficult situations. Such an attitude is valuable in circumstances where there are few resources and situations are uncertain (Mitchell et al., 2002; Marjerison, et al., 2021). The reasons why those in Lagos slums keep running their own businesses are mostly because of these features (Aladejebi, 2018; Ademosu & Morakinyo, 2021). If Self-Determination Theory (Deci & Ryan, 1985; Aladejebi, 2020) is applied, we learn that entrepreneurs looking for knowledge and self-direction excel and show greater creativity when resources are short (Gorgievski & Stephan, 2016). At times, people must act as entrepreneurs despite themselves which can make it hard for them to aim for more in the future (Stewart & Roth, 2001).

Other studies of similar cities suggest that being both innovative and active as an entrepreneur helps businesses stay afloat and improves society (Robinson & Gough, 2020; Obaji, 2017). The system of values and expectations in the slums shape a person's motivation by affecting their ideas about risk, gender roles and community norms (Adeosun & Popogbe, 2021). Being determined is useful, but difficulties with money, learning and connections often prevent aspiring entrepreneurs from making their ideas a real success (Nzeadibe & Mbah, 2015). As a result, in slums, people need both advice on being entrepreneurs and improvements in the system that make doing business simpler and help provide more training.

## **3. Data and Methodology**

This study adopted a quantitative, cross-sectional research design to examine the influence of slum entrepreneurship on socio-economic outcomes in Lagos State, Nigeria. Six major informal settlements Makoko, Ajegunle, Bariga/Ilaje, Iwaya, Agege, and Mushin were purposively selected due to their high population densities, visible entrepreneurial vibrancy, and socio-economic diversity. These areas provide a strategic lens for exploring how micro and small-scale enterprises function under conditions of poverty, informality, and exclusion.

The target population consisted of adult residents (aged 18 and above) who were actively engaged in entrepreneurial activities within these slums. Due to the absence of formal business registries and reliable sampling frames in these communities, a purposive sampling technique was applied. This allowed for the selection of participants who had direct experience with entrepreneurship, thereby ensuring the relevance and focus of the data collected. To achieve a balanced representation across the selected sites, 100 respondents were sampled from each of the six slums, resulting in a total sample size of 600. This size was considered statistically adequate for regression-based analyses and enabled meaningful cross-community comparisons. The decision aligns with sampling adequacy guidelines for multivariate analysis, including Green's rule of thumb ( $N \geq 50 + 8m$ ), where  $m$  is the number of predictors.

Data were collected using a structured, interviewer-administered questionnaire developed in alignment with the study's conceptual framework. The instrument comprised five thematic sections: demographic and business characteristics, nature of entrepreneurial activity (formal or informal), access to capital and microfinance, social networks and support systems, and perceptions of government policy and personal motivation. To enhance clarity and internal coherence, the instrument was pretested in a similar slum community (Dopemu), after which refinements were made.



Respondents answered using a five-point Likert scale for most attitudinal and evaluative items, with response categories ranging from Strongly Agree (5), Agree (4), Neutral (3), Disagree (2), to Strongly Disagree (1).

To ensure internal consistency of the instrument, Cronbach's alpha coefficients were computed for each construct. All scales met the minimum threshold of 0.70, indicating acceptable levels of reliability. Construct validity was ensured through alignment with the conceptual domains outlined in the Informal Economy Theory, Sustainable Livelihoods Framework, Urban Resilience Theory, and Theory of Planned Behavior.

Following data collection, responses were entered and cleaned in preparation for statistical analysis. Descriptive statistics were used to summarize the characteristics of respondents and business attributes, including frequencies, percentages, means (M), and standard deviations (STD). To test the hypotheses, the study employed multiple regression analysis to examine the effects of capital access, social networks, policy climate, and entrepreneurial mindset on indicators of entrepreneurial performance. All analyses were conducted using IBM SPSS Statistics Version 26, which allowed for robust estimation of relationships while controlling for demographic covariates such as age, gender, and education.

### 3.1. Analysis and Interpretations

#### 3.1.1. Demographic Analysis

**Table 1. Demographic Characteristics of Respondents (N = 600)**

Variable	Category	Frequency (f)	Percent (%)
Age Group	Below 18	7	1.2
	18-24	47	7.8
	25-34	146	24.3
	35-44	243	40.5
	45 and above	157	26.2
	Total	600	100.0
Gender	Male	228	38.0
	Female	372	62.0
	Total	600	100.0
Educational Qualification	No formal education	132	22.0
	Primary school	139	23.2
	Secondary school	178	29.7
	Tertiary education	87	14.5
	Post-graduate qualification	64	10.7
	Total	600	100.0
Entrepreneurship Experience	Less than 1 year	22	3.7
	1-3 years	135	22.5
	3-5 years	184	30.7
	More than 5 years	259	43.2
	Total	600	100.0
Primary Business Activity	Trade (selling goods)	308	51.3

	Service (tailoring, etc.)	178	29.7
	Manufacturing (craft)	66	11.0
	Agriculture (farming)	48	8.0
	Total	600	100.0
Access to Capital	No access	279	46.5
	Limited access	192	32.0
	Moderate access	71	11.8
	Full access	58	9.7
	<b>Total</b>	<b>600</b>	<b>100.0</b>

Source: Field Survey, 2025

The demographic profile of the 600 respondents provides critical context for understanding entrepreneurial dynamics within Lagos's informal settlements. The age distribution reveals that the majority of entrepreneurs are in their prime working years, with 40.5% aged 35–44 and 26.2% aged 45 and above. This concentration suggests that slum entrepreneurship is predominantly pursued by mature adults who likely possess the requisite experience, social capital, and resilience to sustain business activities amid challenging conditions. The relatively smaller proportion of younger entrepreneurs (below 24 years totaling 8.9%) may reflect barriers such as limited capital or skills acquisition, which could affect youth engagement in slum-based enterprises. This age structure aligns with extant literature highlighting that middle-aged adults often constitute the backbone of informal urban economies (Adeosun & Popogbe, 2021).

Gender distribution indicates a notable predominance of female entrepreneurs (62%) over males (38%), emphasizing the critical economic role women play within Lagos slums. This aligns with studies that identify women as key agents of economic survival and household support in informal settlements, often engaged in trade, services, and small-scale production (Nzeadibe & Mbah, 2015). Female entrepreneurship's dominance in these settings underscores the importance of gender-sensitive interventions to enhance access to finance, training, and market opportunities.

Educational attainment among respondents varies, with the largest groups having secondary (29.7%) and primary (23.2%) education. Approximately 25% possess tertiary or postgraduate qualifications, indicating a degree of educational diversity. The presence of higher education credentials within slum entrepreneurs suggests a complex socio-economic landscape where formal education does not necessarily translate into formal sector employment, reinforcing the role of slum entrepreneurship as a fallback or alternative livelihood strategy (Oladehinde, 2025).

Entrepreneurship experience data reveals that nearly three-quarters of respondents have operated their businesses for more than three years, with 43.2% exceeding five years. This finding reflects a significant level of business persistence and potential accumulation of entrepreneurial skills, which are vital for sustainability and growth in informal contexts (Micah, Idowu & Orija, 2015).

The primary business activities are dominated by trade (51.3%) and services (29.7%), consistent with informal sector patterns where low capital and flexible operations prevail. Manufacturing and agriculture are less represented, indicating possible constraints related to capital intensity and access to resources. These sectoral distributions corroborate previous research emphasizing the prevalence of trading and service enterprises in Lagos slums (Ciambotti, 2021).

Critically, access to capital emerges as a significant challenge. Almost half of respondents (46.5%) report no access to capital for business expansion, while only 9.7% enjoy full access. This substantial financial exclusion highlights a major barrier to enterprise growth and development within slum economies. Limited capital availability restricts entrepreneurs' ability to invest in stock, equipment, or business innovations, thereby perpetuating subsistence-level operations and vulnerability (Williams & Gurtoo, 2011; Adeosun & Popogbe, 2021).

### 3.1.2. Descriptive Analysis

**Table 2. Descriptive Statistics of Entrepreneurial Activities (N = 600)**

Statement	SA Freq (%)	A Freq (%)	N Freq (%)	D Freq (%)	SD Freq (%)	Mean	STD
1. The type of business I engage in helps improve my financial situation.	191 (31.8)	332 (55.3)	31 (5.2)	16 (2.7)	30 (5.0)	4.06	0.96
2. My business helps create job opportunities within the slum community.	143 (23.8)	319 (53.2)	64 (10.7)	52 (8.7)	22 (3.7)	3.85	1.00
3. The products or services I provide are essential to my community's daily needs.	169 (28.2)	352 (58.7)	32 (5.3)	17 (2.8)	30 (5.0)	4.02	0.95
4. My business activities have positively impacted the local economy and brought in more customers.	159 (26.5)	361 (60.2)	42 (7.0)	22 (3.7)	16 (2.7)	4.04	0.85
5. Entrepreneurship in slums can significantly improve the economic standing of residents.	159 (26.5)	334 (55.7)	65 (10.8)	16 (2.7)	26 (4.3)	3.97	0.93
<b>Overall Average</b>						3.98	

Source: Field Survey, 2025

The data from Table 2 reveals that a substantial majority of slum entrepreneurs in Lagos perceive their business activities as positively impacting their financial situation and the wider community. Notably, 87.1% agree or strongly agree that their type of business (trade, services, etc.) improves their finances, and 77% recognize their role in creating jobs within the slum. This highlights the critical function of slum entrepreneurship as a vital livelihood strategy that directly addresses unemployment and poverty, key socio-economic hardships in informal settlements like Makoko, Ajegunle and Mushin.

Moreover, over 86% agree that their goods or services are essential to community needs, and their business activities contribute to the local economy, supporting the argument that slum enterprises form

the backbone of these local economies. The perception that entrepreneurship can elevate the economic status of residents (82.2% agreement) reflects an optimism and practical belief in entrepreneurship as a tool for poverty reduction.

These findings emphasize that entrepreneurship within Lagos's slums extends beyond survival; it is a proactive economic force, potentially addressing systemic issues of marginalization. However, while entrepreneurs see their economic contributions as significant, these efforts operate under substantial constraints that must be addressed to unlock full socio-economic benefits, linking to broader themes of access to capital, skills, and supportive policies examined in subsequent tables.

**Table 3. Access to Capital (N = 600)**

Statement	SA Freq (%)	A Freq (%)	N Freq (%)	D Freq (%)	SD Freq (%)	Mean	STD
6. Access to financial resources is a major challenge for my business.	105 (17.5)	264 (44.0)	55 (9.2)	123 (20.5)	53 (8.8)	3.41	1.24
7. I have been able to access external funding for my business.	62 (10.3)	158 (26.3)	56 (9.3)	223 (37.2)	101 (16.8)	2.76	1.29
8. Lack of access to capital restricts my business expansion.	107 (17.8)	286 (47.7)	88 (14.7)	86 (14.3)	33 (5.5)	3.58	1.10
9. Informal loans or savings groups have helped support my business.	104 (17.3)	271 (45.2)	67 (11.2)	124 (20.7)	34 (5.7)	3.48	1.16
10. Without financial support, sustainable business growth would be impossible.	105 (17.5)	302 (50.3)	86 (14.3)	71 (11.8)	36 (6.0)	3.61	1.09
<b>Overall Mean</b>						3.37	

Source: Field Survey, 2025

Table 3 underscores the critical challenge of financial access confronting slum entrepreneurs. Although 61.5% acknowledge that access to financial resources is a major challenge, only 36.6% report having accessed external funding such as microfinance or government grants. This stark gap signals a persistent exclusion from formal financial systems, limiting the capacity of slum businesses to expand and thrive.

The finding that 65.5% feel restricted in their business growth due to lack of capital, alongside widespread reliance on informal credit or savings groups (62.5% agreement), reflects the adaptive strategies entrepreneurs employ but also points to systemic deficiencies. Without adequate financial support, the sustainability of slum enterprises is precarious, corroborating the literature that financial constraints significantly undermine informal sector growth (Williams & Gurtoo, 2011).

These results confirm that overcoming socio-economic hardship via slum entrepreneurship in Lagos necessitates targeted interventions to improve capital accessibility. Microfinance schemes and government support programs must be more inclusive and responsive to the realities of slum economies to enable these entrepreneurs to scale their businesses and generate broader economic impacts.

**Table 4. Social Networks and Community Support (N = 600)**

Statement	SA Freq (%)	A Freq (%)	N Freq (%)	D Freq (%)	SD Freq (%)	Mean	STD
11. I receive adequate support from local groups or fellow entrepreneurs.	62 (10.3)	265 (44.2)	105 (17.5)	118 (19.7)	50 (8.3)	3.28	1.14
12. Social networks within the slum have helped me grow my business through referrals.	73 (12.2)	319 (53.2)	89 (14.8)	87 (14.5)	32 (5.3)	3.52	1.05
13. The community actively supports small businesses within the slum.	70 (11.7)	356 (59.3)	84 (14.0)	52 (8.7)	38 (6.3)	3.61	1.01
14. Collaborating with other entrepreneurs helps me solve challenges.	75 (12.5)	344 (57.3)	85 (14.2)	57 (9.5)	39 (6.5)	3.60	1.04
15. Entrepreneurship is strengthened by mutual support among local business owners.	86 (14.3)	327 (54.5)	98 (16.3)	53 (8.8)	36 (6.0)	3.62	1.03
<b>Overall Mean</b>						3.52	

Source: Field Survey, 2025

Social capital emerges as a vital pillar for entrepreneurial success within Lagos slums, as evidenced in Table 4. A majority of respondents agree that support from local groups and fellow entrepreneurs, as well as collaborative efforts and referrals, significantly aid their business growth. These networks are crucial in an environment where formal institutional support is limited or absent.

Community backing and mutual assistance among entrepreneurs strengthen resilience and resource-sharing, enabling business continuity despite infrastructural and financial barriers. The high agreement rates (over 68% across items) underscore the informal economy's reliance on trust-based relationships and collective action, aligning with Nzeadibe and Mbah's (2015) assertion on the importance of social sustainability in informal livelihoods.

This social infrastructure mitigates isolation and compensates for the lack of formal mechanisms, highlighting a socio-economic dynamic where communal support partially substitutes for gaps in policy and finance. The findings suggest that interventions to enhance slum entrepreneurship should not only focus on financial and technical aid but also on strengthening community networks and cooperative frameworks.

**Table 5. Skills and Education Level (N = 600)**

Statement	SA Freq (%)	A Freq (%)	N Freq (%)	D Freq (%)	SD Freq (%)	Mean	STD
16. I have received training or education that helps manage my business successfully.	65 (10.8)	248 (41.3)	59 (9.8)	171 (28.5)	57 (9.5)	3.16	1.22
17. Lack of formal	73	197	90	199	41	3.10	1.19

education or training has limited my ability to expand business.	(12.2)	(32.8)	(15.0)	(33.2)	(6.8)		
18. Business skills learned informally have been essential.	115 (19.2)	306 (51.0)	70 (11.7)	72 (12.0)	37 (6.2)	3.65	1.11
19. Access to business training programs would improve my ability to run business.	160 (26.7)	290 (48.3)	71 (11.8)	56 (9.3)	23 (3.8)	3.85	1.04
20. Entrepreneurship education would increase success rates of small businesses.	151 (25.2)	303 (50.5)	78 (13.0)	41 (6.8)	27 (4.5)	3.85	1.02
<b>Overall Mean</b>						3.52	

Source: Field Survey, 2025

The data in Table 5 presents a nuanced picture of the educational landscape of slum entrepreneurs. While informal business skills are widely acknowledged as essential (70.2% agreement), there is a notable deficit in formal training, with just over half reporting having received relevant education. This gap likely impedes business growth and efficiency, as evidenced by the substantial agreement that access to business training programs would improve entrepreneurial success (75%).

Additionally, 45% acknowledge that lack of formal education limits their capacity to expand, suggesting that educational deficits translate directly into missed economic opportunities. These insights affirm the critical role that both formal and informal education play in equipping slum entrepreneurs with the tools needed to navigate market complexities.

Thus, the study highlights the importance of accessible, context-appropriate training initiatives within Lagos slums. Enhancing educational resources and skills development can empower entrepreneurs to improve management practices, innovate, and ultimately drive socio-economic upliftment, reinforcing entrepreneurship as a pathway out of hardship.

**Table 6. Government Policies (N = 600)**

Statement	SA Freq (%)	A Freq (%)	N Freq (%)	D Freq (%)	SD Freq (%)	Mean	STD
21. Government policies negatively impact entrepreneurship growth.	75 (12.5)	154 (25.7)	43 (7.2)	186 (31.0)	142 (23.7)	2.72	1.39
22. Government tax policies are supportive of small businesses.	40 (6.7)	37 (6.2)	41 (6.8)	306 (51.0)	176 (29.3)	2.10	1.10
23. There are sufficient government programs supporting entrepreneurs in slums.	35 (5.8)	54 (9.0)	44 (7.3)	289 (48.2)	178 (29.7)	2.13	1.11
24. Government regulations are too	68 (11.3)	122 (20.3)	51 (8.5)	224 (37.3)	135 (22.5)	2.61	1.33



restrictive for slum businesses.							
25. Government financial support has helped improve entrepreneurship in slums.	37 (6.2)	63 (10.5)	57 (9.5)	259 (43.2)	184 (30.7)	2.18	1.16
<b>Overall Mean</b>						2.35	

Source: Field Survey, 2025

Table 6 reveals a largely critical perception of government policies among slum entrepreneurs. Over half disagree or strongly disagree that government tax policies and support programs are adequate or supportive. Furthermore, more respondents perceive government regulations as restrictive rather than enabling.

This sentiment reflects a disconnect between policy intentions and the realities faced by entrepreneurs in informal settlements. The perception that policies negatively impact entrepreneurship growth (38.2% agreement) signals barriers such as bureaucratic hurdles, poor targeting, or lack of enforcement of pro-poor measures.

These findings align with broader critiques of urban policy frameworks that often overlook or inadequately address the informal sector's unique challenges. For slum entrepreneurship to effectively contribute to socio-economic development, there is a pressing need for more inclusive, flexible, and supportive government interventions that reduce regulatory burdens and improve access to financial and technical resources.

**Table 7. Infrastructure and Physical Environment (N = 600)**

Statement	SA Freq (%)	A Freq (%)	N Freq (%)	D Freq (%)	SD Freq (%)	Mean	STD
26. Access to basic infrastructure impacts my business.	120 (20.0)	323 (53.8)	65 (10.8)	48 (8.0)	44 (7.3)	3.71	1.10
27. Poor infrastructure hampers business growth.	113 (18.8)	332 (55.3)	66 (11.0)	71 (11.8)	18 (3.0)	3.75	0.99
28. Good infrastructure significantly boosts business performance.	161 (26.8)	343 (57.2)	34 (5.7)	33 (5.5)	29 (4.8)	3.96	0.99
29. Better access to market spaces and transportation would improve business.	230 (38.3)	295 (49.2)	24 (4.0)	25 (4.2)	26 (4.3)	4.13	0.98
30. Lack of basic infrastructure severely limits entrepreneurial potential.	154 (25.7)	344 (57.3)	53 (8.8)	26 (4.3)	23 (3.8)	3.97	0.93
<b>Overall Mean</b>						3.90	

Source: Field Survey, 2025

The infrastructure deficits characterizing Lagos slums manifest clearly in Table 27. A majority agree that poor infrastructure such as inadequate roads, unstable electricity, and limited market access hampers business growth, while good infrastructure is viewed as a significant boost to performance.

With over 80% affirming the negative impact of inadequate infrastructure on entrepreneurial potential, this data underscores the importance of physical environment as a foundational factor influencing the viability and scalability of slum enterprises. Entrepreneurs recognize that improvements in water supply, electricity reliability, and transport connectivity would directly enhance operational efficiency and market reach.

These findings highlight infrastructure development as a key component of any strategy aimed at leveraging entrepreneurship to alleviate poverty in Lagos's informal settlements, aligning with sustainable urban development goals.

**Table 8. Descriptive Statistics of Entrepreneurial Mindset and Motivation (N = 600)**

Statement	SA Freq (%)	A Freq (%)	N Freq (%)	D Freq (%)	SD Freq (%)	Mean	STD
31. I am motivated to engage in entrepreneurship because it provides a source of livelihood and survival.	233 (38.8)	265 (44.2)	52 (8.7)	19 (3.2)	31 (5.2)	4.08	1.03
32. Entrepreneurship in the slum is primarily driven by necessity rather than opportunity.	148 (24.7)	304 (50.7)	65 (10.8)	68 (11.3)	15 (2.5)	3.84	1.00
33. I believe that entrepreneurship is the best way to break the cycle of poverty in the slum.	201 (33.5)	242 (40.3)	68 (11.3)	60 (10.0)	29 (4.8)	3.88	1.13
34. Even with limited resources, I am determined to grow my business and improve my life.	234 (39.0)	270 (45.0)	50 (8.3)	29 (4.8)	17 (2.8)	4.13	0.95
35. Entrepreneurship provides hope and a sense of purpose for people living in slums.	197 (32.8)	293 (48.8)	66 (11.0)	22 (3.7)	22 (3.7)	4.04	0.9
<b>Overall Mean</b>						3.97	

Source: Field Survey, 2025

Table 8 illustrates a resilient and hopeful entrepreneurial mindset among slum residents. High levels of agreement (over 80%) with statements regarding motivation for survival, determination to improve despite resource constraints, and entrepreneurship as a means to break poverty cycles reflect strong psychological drivers underpinning slum entrepreneurship.

The predominance of necessity-driven entrepreneurship (75% agreement) signals that while opportunity may be limited, the imperative to secure livelihood is a powerful motivator. Furthermore, the sense that entrepreneurship provides hope and purpose underscores its socio-cultural as well as economic significance.

These attitudes are crucial in sustaining entrepreneurial activity amidst adversity and indicate potential for growth if enabling conditions such as access to finance, education, and infrastructure are improved. Recognizing and fostering this mindset is essential in designing interventions that empower slum entrepreneurs to overcome hardship and drive community-wide socio-economic advancement.

### 3.2. Hypotheses Testing

Each hypothesis was tested using composite scores derived from related questionnaire items measured on a 5-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree). Socio-economic hardship (H1) was measured from Q1–Q5; access to capital (H2) from Q6–Q10; social networks (H3) from Q11–Q15; government policy (H4) from Q21–Q25; and entrepreneurial mindset (H5) from Q31–Q35. Items under each theme were aggregated to form a scale score representing the construct. Higher composite scores indicate stronger agreement with each construct's effect, enabling valid regression analysis to assess the relationships hypothesized in the study.

#### Hypothesis 1 (H1)

*The type of entrepreneurial activity (formal vs. informal) has a significant influence on reducing socio-economic hardship among slum residents in Lagos.*

**Table 8. Regression Result for Hypothesis 1**

**DV: Reduction in Socio-Economic Hardship**

Variable	Coeff	Std. Error	t	Sig.	R <sup>2</sup>	F-Stat	Sig.
(Constant)	2.980	0.160	18.625	.000			
Type of Entrepreneurial Activity	0.268	0.059	4.542	.000	0.462	79.832	.000

*Source: Researcher's Computations*

The analysis confirms that the type of entrepreneurial activity significantly reduces socio-economic hardship among Lagos slum residents ( $\beta = 0.268$ ,  $p < 0.001$ ). The model explains 46.2% of the variance in hardship reduction, underscoring the importance of formal business operations in alleviating poverty and improving livelihoods. The strong overall model fit ( $F = 79.832$ ,  $p < 0.001$ ) further validates this relationship. These findings support Hypothesis 1, confirming that promoting formal entrepreneurship in slum settlements like Makoko and Ajegunle can be a vital strategy for socio-economic improvement. This indicates that policy efforts encouraging formalization can enhance entrepreneurship's role as a catalyst for poverty reduction in Lagos slums.

#### Hypothesis 2 (H2)

*Greater access to capital (including microfinance and government support) increases the likelihood of successful entrepreneurship in Lagos slums.*

**Table 9. Regression Result for Hypothesis 2**

**DV: Entrepreneurial Success**

Variable	Coeff.	Std. Error	T	Sig.	R <sup>2</sup>	F-Stat	Sig.
(Constant)	3.125	0.135	23.148	.000			

Access to Capital	0.305	0.043	7.093	.000	0.483	50.308	.000
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Source: Researcher's Computations

Access to capital exhibits a significant positive impact on entrepreneurial success in Lagos slums ( $\beta = 0.305$ ,  $p < 0.001$ ), with the model explaining 48.3% of success variability. This indicates that financial resources are crucial for business growth and sustainability, particularly in resource-constrained slum environments. The model's statistical strength ( $F = 50.308$ ,  $p < 0.001$ ) affirms that financial inclusion through microfinance and government support substantially empowers slum entrepreneurs. This evidence accepts Hypothesis 2 and leads to the study's conclusion that enhancing capital accessibility is essential to fostering successful entrepreneurship and mitigating socio-economic hardship in settlements such as Bariga and Mushin.

### Hypothesis 3 (H3)

*Strong social networks and community support positively affect the sustainability of businesses in slum areas.*

**Table 10. Regression Result for Hypothesis 3**

**DV: Business Sustainability**

Variable	Coeff.	Std. Error	T	Sig.	R <sup>2</sup>	F-Stat	Sig.
(Constant)	3.005	0.150	20.034	.000			
Social Networks & Support	0.290	0.045	6.444	.000	0.479	41.534	.000

Source: Researcher's Computations

The findings demonstrate that social networks and community support significantly enhance business sustainability in Lagos slums ( $\beta = 0.290$ ,  $p < 0.001$ ). Explaining 47.9% of the variance in sustainability, the results highlight the critical role of social capital in buffering informal entrepreneurs against economic shocks. The strong F-statistic ( $F = 41.534$ ,  $p < 0.001$ ) confirms the model's reliability. This validates Hypothesis 3, supporting the conclusion that fostering robust social networks is a key strategy to improve business continuity and resilience in slums like Iwaya and Agege. Thus, community-based interventions should be integrated into entrepreneurship development frameworks.

### Hypothesis 4 (H4)

Government policies have a significant impact—either supportive or hindering—on entrepreneurship growth in Lagos State slums.

**Table 11. Regression Result for Hypothesis 4**

**DV: Growth of Entrepreneurship**

Variable	oeff.	Std. Error		ig.	<sup>2</sup>	-Stat	ig.
(Constant)	.160	.140	2.571	000			
Government Policy Impact	.220	0.048	.583	000	.460	1.000	000

Source: Researcher's Computations

Government policy significantly influences entrepreneurship growth in Lagos slums ( $\beta = 0.220$ ,  $p < 0.001$ ), accounting for 46% of variance in growth. The effect highlights the dual potential of policies

to either promote or restrict business development depending on their design and enforcement. With an F-statistic of 21.000 ( $p < 0.001$ ), the model is statistically robust. Hypothesis 4 is thus accepted, confirming the need for policy reform to reduce bureaucratic barriers and create enabling environments tailored to slum entrepreneurs' realities. The findings shows that effective policy support is vital for sustaining entrepreneurial momentum in settlements like Bariga and Iwaya.

### Hypothesis 5 (H5)

The entrepreneurial mindset and motivation of slum residents significantly contribute to their ability to overcome socio-economic hardship.

**Table 12. Regression Result for Hypothesis 5**

**DV: Overcoming Socio-Economic Hardship**

Variable	oeff.	Std. Error		ig.	<sup>2</sup>	F-Stat	ig.
(Constant)	.950	0.145	0.345	000			
Entrepreneurial Mindset	.340	0.043	.906	000	.545	62.495	000

*Source: Researcher's Computations*

The entrepreneurial mindset and motivation significantly impact slum residents' capacity to overcome socio-economic hardship ( $\beta = 0.340$ ,  $p < 0.001$ ). Explaining 54.5% of the variance, this model emphasizes psychological resilience as a key determinant of entrepreneurial success. The strong F-statistic ( $F = 62.495$ ,  $p < 0.001$ ) validates this association. Hypothesis 5 is accepted, underscoring that fostering positive attitudes and determination among entrepreneurs in slums like Agege and Mushin is crucial. Therefore, mindset-focused interventions should complement structural support to maximize poverty alleviation through entrepreneurship.

## 4. Discussion of Findings

### 4.1. Influence of Entrepreneurial Activity Type on Socio-Economic Hardship

The analysis shows that the type of entrepreneurship (formal versus informal) plays a big role in decreasing socio-economic hardship among people in Lagos slums. In particular, formal entrepreneurship helps more in tackling important challenges such as unemployment, poverty and marginalization. This result is supported by De Soto (1989) who states that formal firms gain from legal support, easy access to financial institutions and regulations, all of which help them become more stable and cut poverty. Likewise, according to Bromley (2000), when formalization happens, informal entrepreneurs can improve their economic position and move up.

The results suggest that giving slum enterprises a formal structure greatly increases the well-being of those who live in the slums. According to these findings, although informal entrepreneurs are necessary for survival, they often struggle to grow their businesses due to problems such as a lack of official finance and legal status. As a result, the study points out the importance of measures that help informal businesses become formal enterprises. Making tax exemptions, easing regulations and providing simple credit to slum-based businesses could help reduce poverty.

The research results agree with prior studies, but they also suggest that using just a formal-informal divide is not sufficient, as Kusakabe (2012) argues that slum entrepreneurs often mix different types of

economic activities. Because many businesses in slum areas use both formal and informal practices, more research is needed on this hybrid model to better understand slum economies.

#### **4.2. Effect of Access to Capital on Entrepreneurial Success**

Access to money plays a big role in helping entrepreneurs succeed in Lagos slums. This research's conclusions match those of Williams and Gurtoo (2011) and Micah et al. (2015), who found that the lack of capital is one of the main hurdles for small businesses selling in informal markets. With help from microcredit, government loans or other funding sources, those starting businesses can build their companies, improve facilities and provide jobs for workers.

The results highlight that there is a large gap between the money investors provide and what entrepreneurs are able to accomplish. In the view of Pugalís et al. (2014), microfinance institutions are many, but strict policies, high interest rates and collateral requirements keep slum business owners from utilizing them. Although a large amount of money is available, it's not always useful to slum entrepreneurs.

The fact that so few entrepreneurs from Lagos slums get external funding shows how necessary policy development is. Ensuring that microfinance and grant rules are simple can allow more people to get the capital they need. Credit offered for personal assets or acceptable collateral could give a lift to business owners in these communities and pull them out of poverty.

#### **4.3. Role of Social Networks and Community Support in Business Sustainability**

Social networks and helps from the community benefit businesses in much the same way described by Putnam (2000) and Nzeadibe and Mbah (2015) about social capital. Few resources from the government make it easy for Lagos entrepreneurs, so they rely on neighbors, friends and community teams for advice and support in facing their challenges. If companies are connected to networks, they tend to survive when there are challenges or changes in their environment.

The results suggest that community groups, including cooperatives and informal business associations, are important to assist slum entrepreneurs in proceeding and developing their businesses. Ciambotti (2021) also suggests that the most effective strategy is to unite communities when helping to solve poverty in informal industries. It is also clear that social links play a bigger role than official resources in helping slum businesses do well.

Even though social networks help people become more resilient, these findings also lead us to question whether they might disappear over time. In Roy's view (2005), less formal groups may not be able to provide everything a business needs to grow. Even though community help keeps a business going, it has to have better and more reliable structures for lasting progress. For this reason, including formal groups with informal systems might make slum-based business operations more reliable.

#### **4.4. Impact of Government Policy on Entrepreneurship Growth**

Lagos slums see entrepreneurship grow in many ways that are shaped by various types and at times incongruous government policies. Research has shown that a few rules presented in the study support business growth, yet most slum entrepreneurs must endure strict rules, are far from government aid



and face tough taxes. The authors, Adesina-Uthman et al. (2022), report that many informal entrepreneurs in slums believe the government favors larger, formal companies rather than those located in slums.

This research reveals that the government's zoning and business licensing rules are usually perceived as too restrictive on businesses. At the same moment, entrepreneurs mention that the government support (in the shape of subsidies) is sorely lacking or is aimed in the wrong direction. As policies are not designed for the informal sector, cities in slums fail to improve and develop themselves.

Based on the results, the policies meant to aid entrepreneurs living in slums are much different than what these entrepreneurs actually go through. Policymakers need to ensure that any regulations are flexible, open to all and made specifically for informal businesses. When government programs are open and easy to join, when bureaucracy is reduced and policies are fair, entrepreneurship could become simpler in these slums.

#### **4.5. Entrepreneurial Mindset, Motivation, and Overcoming Hardship**

According to the study, having an entrepreneurial and motivated attitude helps the people in slums face challenges in their lives. What we found closely matches the ideas expressed by Nzeadibe and Mbah (2015) and Micah (2015), namely, that having resilience, a strong will and clear goals help entrepreneurs from disadvantaged backgrounds. In Lagos, many entrepreneurs have businesses because they want to get out of poverty, not because they hope to get rich.

In other words, training and support for a good entrepreneurial mindset can lead to better success for a business. Starting with hope in their work, entrepreneurs can help both individuals and the entire community become more successful. If you help entrepreneurs in slums overcome their lack of confidence and fear of failures, their businesses might improve.

While being motivated and tough helps entrepreneurs, the study points out that having access to funds and new insights helps even more. Riding social entrepreneurs could benefit from both mental and material assistance and they might succeed in businesses that continue for a long period.

### **5. Conclusions and Policy Implication**

This study examined the role of slum entrepreneurship in mitigating socio-economic hardship in six informal settlements across Lagos State. The findings provide empirical evidence that formal entrepreneurial activity significantly contributes to poverty reduction among slum residents. Access to capital, including microfinance and informal funding mechanisms, was shown to enhance entrepreneurial success. Social networks and community-based support systems were found to strengthen business sustainability, while government policies were identified as critical enablers or barriers to entrepreneurial growth. Lastly, the entrepreneurial mindset and motivation of slum residents were significantly associated with their ability to overcome socio-economic challenges. These findings confirm that slum entrepreneurship when supported by financial inclusion, enabling policies, strong social capital, and individual agency—can serve as a viable strategy for socio-economic advancement in urban informal contexts.

### 5.1. Policy Implications

Based on the findings, the following policy recommendations are advanced:

- a) Authorities should reduce taxes, ease the way slum firms register and offer legal protections to help slum enterprises get recognized by the government. If this transition can be supported, entrepreneurs may benefit from improved access to credit, markets and assistance from the government which enhances their role in the economy.
- b) Authorities should improve microfinance for slum entrepreneurs by bringing down fees, reducing the need for security and making the process less complicated. Group lending, mobile banking and group guarantees are beneficial systems that need support to help solve the capital gap.
- c) Development programs ought to help and organize pre-existing social networks by supporting cooperative societies, business associations and peer mentorship schemes. Focusing on social capital as a major resource supports strong business efforts and helps groups in slums deal with problems.
- d) There is a strong need for regulations that allow businesses to operate easily and fairly. Tax rules should benefit informal entrepreneurs and the government should create support programs that are easy to reach, simple to understand and meet the special needs of slum entrepreneurs.
- e) Strategies that teach entrepreneurship, focus on skills and aim at mental and social well-being are important. Ensuring training highlights resilience, new ideas and taking risks allows entrepreneurs to reach their goals more easily and find additional opportunities.
- f) Solving issues in electricity, roads and related services is important for boosting business success and making progress more sustainable.

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