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GOVERNMENT REGULATORY ENFORCEMENT AND THE PROMOTION OF A CONDUCIVE BUSINESS ENVIRONMENT FOR INFORMAL BUSINESS IN LAGOS STATE, NIGERIA, 2015-2025

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Abstract
The informal sector constitutes a substantial component of Lagos State's economy, providing employment and livelihoods for a majority of the working population. Despite its significance, government regulatory enforcement on informal businesses remains contentious, often oscillating between revenue generation, urban order, and economic inclusion. This study examines the nature, effectiveness, and implications of government regulatory enforcement on informal businesses in Lagos State between 2015 and 2025, with a focus on whether such enforcement has promoted a conducive business environment. Anchored on institutional and political economy perspectives, the study adopts a qualitative research approach relying on secondary data sourced from government reports, academic literature, policy documents, and publications from international development agencies. Findings reveal that while regulatory enforcement has contributed to improved revenue mobilization and consumer protection in some instances, it is largely characterized by fragmentation, weak coordination, corruption, and inconsistent policy implementation. The heterogeneity of informal enterprises, data deficiencies, rapid urbanization, and limited financial inclusion further undermine the effectiveness of enforcement mechanisms and discourage business formalization. The study concludes that coercive and punitive regulatory approaches have not sufficiently fostered a supportive business environment for informal enterprises in Lagos State. It therefore recommends the adoption of inclusive, transparent, and incentive-based regulatory frameworks that integrate informal actors into policy design, leverage digital technologies, and harmonize enforcement practices across agencies to enhance economic development and sustainable urban governance.

Keywords: Business Environment, Informal Businesses, Lagos State, Regulatory Enforcement, Sustainable Economic Growth

INTRODUCTION

Informal sector is vital sector in Nigeria that cannot be overemphasized due to its contribution to the growth of the national economy.

The informal sector plays a significant role in Nigeria's economy, accounting for a substantial portion of employment and economic activity (Medina et al., 2017). The Nigerian government has increasingly recognized the need for a more holistic approach to managing the informal sector, acknowledging its significance in achieving sustainable economic growth and poverty reduction (Adeleke & Emeagwali, 2024). The regulation of informal businesses and their impact on economic development in Nigeria has been a subject of significant interest and debate in recent years, particularly as the country grapples with financial challenges and seeks to harness the potential of its large informal sector (Meagher, 2022). As of 2024, the informal economy in Nigeria continues to play a crucial role in employment generation and poverty alleviation, accounting for an estimated 65% of the country's GDP (National Bureau of Statistics (NBS, 2023).

One of the key developments in recent years has been the implementation of the National Policy on Informal Sector Development (NPISD), launched in late 2023 (Federal Ministry of Labour and Employment FMLE, 2023). This policy aims at creating a more enabling environment for informal businesses while gradually integrating them into the formal economy. The NPISD emphasizes a participatory approach, involving stakeholders from various informal subsectors in the policy-making process, which marks a significant shift from previous top-down regulatory strategies (Okafor & Aniche, 2024).

The use of technology in regulating and supporting informal businesses has gained traction in Nigeria. The introduction of the Informal Sector Digital Registry (ISDR) in 2024 represents a notable effort to gather comprehensive data on informal economic activities (Nigerian Communications Commission (NCC, 2024). This initiative not only aims to improve policy formulation but also to facilitate targeted support programs and enhance financial inclusion for informal actors. However, challenges related to digital literacy and access to technology in rural areas persist, potentially exacerbating existing inequalities within the informal sector (Adeloye et al., 2024). Environmental considerations have also become increasingly prominent in the regulation of informal businesses. The National Environmental Standards and Regulations Enforcement Agency (NESREA) have intensified efforts to ensure that informal sector activities align with sustainable development goals (NESREA, 2024). This has led to both challenges and opportunities, as some informal businesses struggle to meet new environmental standards while others find niches in green entrepreneurship and circular economy initiatives (Nwankwo & Okoli, 2023).

State regulation of informal businesses in Nigeria has historically been characterized by a complex interplay of formal policies and informal practices (Awojobi, 2021). The Nigerian government has implemented various initiatives aimed at formalizing and regulating the informal sector, including the introduction of simplified registration processes and tax incentives for small businesses (Federal Ministry of Industry, Trade and Investment FMITI, 2024). However, the effectiveness of these measures has been limited due to challenges such as bureaucratic hurdles, corruption, and a lack of trust between informal actors and government institutions (Olowu & Olowu, 2023).

Despite these advancements, significant challenges remain in effectively regulating informal businesses while promoting economic development. The persistence of corruption and patronage networks continues to undermine the implementation of well-intentioned policies (Transparency International, 2024). Moreover, the heterogeneity of the informal sector, ranging from subsistence activities to dynamic small-scale enterprises, necessitates a more nuanced and flexible regulatory approach (Kinyanjui & Khayesi, 2023). As Nigeria continues to navigate the challenges and opportunities presented by its large informal sector, policymakers and researchers alike are calling for a more nuanced and context-specific

approach to regulation (Oyelaran-Oyeyinka & Ola-David, 2023). This includes exploring innovative governance models that incorporate local knowledge and practices, as well as leveraging technology to facilitate compliance and access to support services for informal businesses (African Development Bank AfDB, 2024).

Looking ahead, the success of state regulation in fostering economic development through the informal sector will likely depend on the government's ability to balance formalization efforts with the preservation of the sector's dynamism and resilience. As Nigeria strives to achieve its economic diversification goals and improve living standards, the informal sector remains a critical component of the country's development strategy, requiring ongoing policy innovation and adaptive governance.

Statement of the Problem

Government regulatory enforcement remains a critical yet contested issue in the governance of informal businesses in Lagos State, Nigeria. While regulation is intended to promote order, public safety, revenue generation, and sustainable urban development, its application within Lagos' expansive informal sector has produced contradictory outcomes. The informal economy constitutes a substantial component of the state's economic structure, providing livelihoods for a significant proportion of the population and contributing indirectly to economic growth. However, the capacity of the government to regulate this sector in a manner that supports economic inclusion and business sustainability remains uncertain.

Despite Lagos State's status as Nigeria's economic hub, effective regulatory oversight of informal businesses is constrained by the sector's scale, complexity, and heterogeneity. Approximately 65% of the state's workforce operates within the informal economy (National Bureau of Statistics, 2023), encompassing activities that range from petty trading and street vending to small-scale manufacturing and service provision. This diversity complicates the formulation and enforcement of uniform regulatory frameworks, often resulting in inconsistent, selective, or ad hoc enforcement practices (Adebayo & Olukoshi, 2024). Consequently, many informal operators remain outside formal regulatory structures, limiting the state's ability to harness the sector's economic potential while exposing businesses to legal uncertainty.

Furthermore, persistent data deficiencies and weak institutional coordination undermine evidence-based regulation and policy consistency. The absence of reliable records on the number, location, and nature of informal businesses restricts effective planning and enforcement, leading to regulatory disconnects between state agencies and local government authorities. These challenges are exacerbated by reports of corruption and rent-seeking behavior among regulatory officials, including harassment, extortion, and arbitrary sanctions imposed on informal entrepreneurs. Such practices erode trust in government institutions, discourage compliance, and reinforce informality rather than promoting gradual formalization (Transparency International Nigeria, 2024).

Literature Review

The informal sector plays a significant role in Nigeria's economy, accounting for a substantial portion of employment and economic activity (Medina et al., 2017). However, the relationship between state regulatory enforcement and informal businesses in Nigeria is complex and often fraught with challenges. The regulatory environment significantly impacts the overall business climate and the ability of informal enterprises to thrive or transition into the formal sector. State regulatory enforcement in Nigeria has been characterized by inconsistency and inefficiency, which has had profound effects on informal businesses (Ogunyomi & Bruning, 2016). The lack of a cohesive regulatory framework has resulted in multiple, often conflicting, regulations at federal, state, and local levels. This regulatory overlap creates confusion and increases compliance costs for informal businesses,

discouraging formalization and growth (Igwe et al., 2020). Moreover, the enforcement of these regulations is often arbitrary and selective, leading to uncertainty and vulnerability among informal business operators.

The concept of a conducive business environment encompasses various factors that facilitate entrepreneurship and economic growth. In Nigeria, efforts to create such an environment have been hampered by regulatory burdens, corruption, and infrastructural deficits (World Bank, 2020). The World Bank's Doing Business report consistently ranks Nigeria low in ease of doing business indicators, reflecting the challenges faced by both formal and informal enterprises (World Bank, 2020). This unconducive environment pushes many businesses towards informality as a survival strategy, despite the potential benefits of operating in the formal sector. The relationship between regulatory enforcement and informal businesses is further complicated by the issue of corruption. Weak institutional frameworks and poor governance have resulted in a system where regulatory enforcement is often used as a tool for rent-seeking rather than ensuring compliance and promoting economic development (Egbula, 2018). This corruption not only undermines the effectiveness of regulations but also erodes trust in government institutions, further entrenching informality.

However, there have been some positive developments in recent years. The Nigerian government has initiated various reforms aimed at improving the business environment and simplifying regulatory processes. For instance, the Presidential Enabling Business Environment Council (PEBEC) was established in 2016 to remove bureaucratic constraints to doing business in Nigeria and make the country a progressively easier place to start and grow a business (PEBEC, 2021). Such initiatives, if effectively implemented, could potentially bridge the gap between the formal and informal sectors by reducing the costs and complexities associated with formalization. The dawn of democracy in 1999 brought renewed hope for economic reforms and improved governance in Nigeria (Okonjo-Iweala, 2012).

The Buhari administration (2015-2023) placed a strong emphasis on improving the ease of doing business in Nigeria. The establishment of the Presidential Enabling Business Environment Council (PEBEC) in 2016 marked a turning point in regulatory reforms (PEBEC, 2021). PEBEC's efforts led to significant improvements in Nigeria's ranking in the World Bank's Ease of Doing Business Index, moving from 170th in 2015 to 131st in 2020 (World Bank, 2020). Several key initiatives were implemented during this period to address the challenges faced by informal businesses: The Micro, Small and Medium Enterprises Development Fund (MSMEDF) was established to provide affordable financing to MSMEs, including those in the informal sector (Central Bank of Nigeria, 2015). The Government Enterprise and Empowerment Programme (GEEP) was launched in 2016 to provide microcredit to small businesses and artisans (Taiwo et al., 2016). The Corporate Affairs Commission (CAC) simplified the business registration process, reducing the time and cost of formalization for informal businesses (Corporate Affairs Commission, 2021).

Despite these improvements, challenges persisted. A study by Igwe et al. (2020) found that regulatory burdens, corruption, and infrastructural deficits continued to push many businesses towards informality. The COVID-19 pandemic in 2020 further exposed the vulnerabilities of informal businesses and the need for more inclusive policies (Andam et al., 2020). The period from 2021 to 2024 has seen an increased focus on digital transformation and its potential to bridge the gap between formal and informal sectors. The National Digital Economy Policy and Strategy (2020-2030) aims to leverage technology to improve regulatory compliance and create opportunities for informal businesses (Federal Ministry of Communications and Digital Economy, 2020).

However, the effectiveness of these initiatives in creating a truly conducive business environment for informal businesses remains a subject of debate. Adebisi and Gbegi (2013) argue that the multiplicity of taxes and levies at various government levels continues to be a significant burden on informal businesses. Furthermore, Nwoke (2022) highlights that despite

improvements in the regulatory framework; implementation gaps and corruption still hinder the full realization of a conducive business environment. Conversely, Nnamani et al. (2024) argue that lax enforcement can perpetuate unfair competition between formal and informal businesses, undermining the incentives for formalization. They propose a "smart regulation" framework that combines targeted enforcement with support mechanisms for businesses transitioning to formality. This approach has shown promise in sectors such as manufacturing and retail, where compliance rates increased by 25% without significant business closures. The integration of technology in regulatory enforcement has emerged as a significant theme. Adeosun and Olatunji (2023) discuss the implementation of digital monitoring systems that allow for real-time tracking of business compliance across various regulatory requirements. This technological approach has not only improved enforcement efficiency but has also reduced corruption by minimizing direct interactions between businesses and regulatory officials.

Theoretical Framework

The study adopted Institutional Theory as its theoretical framework. Institutional Theory explains government regulation of informal businesses by emphasizing how formal and informal institutions influence individual and collective behavior. Douglas North, a leading proponent of the theory, asserted in 2010 that institutions—both formal and informal—serve as the foundational structures shaping behavior within societal contexts. The theory posits that these institutions guide individual choices and actions, thereby influencing the broader trajectory of socio-economic development in a state.

In the context of regulating the informal sector, government enforcement agencies implement formal institutions through mechanisms such as licensing requirements, tax laws, and labor standards. At the same time, informal institutions—such as social norms and cultural values—also shape the behavior of informal businesses. For instance, in some cultures, informal business activities may be stigmatized, while in others, they are celebrated as entrepreneurial ventures.

Institutional Theory provides a valuable lens for analyzing the impact of government regulatory enforcement on informal businesses and its role in promoting a conducive business environment in Lagos State. The theory's emphasis on active state intervention in the economy (Johnson, 1982) is evident in Lagos State's efforts to address issues such as unapproved structures, environmental degradation, and unfair labor practices. The Lagos State Informal Space Management Authority (LASISMA), for example, regulates the use of informal urban spaces to ensure that businesses operate safely and sustainably. This initiative aligns with the theory's focus on strategic economic planning and targeted interventions to achieve developmental objectives (Evans, 1995).

The formalization process reflects the concept of "embedded autonomy" (Evans, 1995), wherein the state engages with the business community while maintaining the capacity to implement effective policies. In Lagos State, government regulatory enforcement has contributed to reducing risks such as fire hazards and environmental pollution, organizing businesses to prevent congestion and promote accessibility, increasing government revenue, and enhancing data collection within the institutional framework.

Institutional Theory also provides insight into the persistence of informal economic practices in Nigeria despite formal regulatory efforts. It highlights the interplay between formal and informal institutions in shaping economic behavior and organizational structures (North, 1990). Deeply embedded social norms and traditional economic systems often supersede official regulations, explaining why informal economic activities continue to thrive (Meagher, 2007).

Discussion of Findings

Government Regulatory Enforcement on Informal Businesses and Conducive Business Environment

Government regulatory enforcement on informal businesses and a conducive business environment, Specifically, it explored frequent inspection and increased market share for compliant businesses, closure of unauthorized businesses and standardization of business practices, public awareness campaign and increase in consumer confidence in local businesses.

Table 1: Frequent inspection and increase market share for compliant businesses

Do you think frequent inspection increases market share for compliant businesses?		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	300	77.9	77.9	77.9
	Agree	77	20.0	20.0	97.9
	Disagree	7	1.8	1.8	99.7
	Strongly Disagree	1	.3	.3	100.0
	Total	385	100.0	100.0	

Source: Field Work, 2025

The data above demonstrates strong support among respondents. Out of 385 total responses, 300 (77.9%) strongly agreed, and 77 (20%) agreed, resulting in a combined positive response of 97.9%. This overwhelming majority suggests that respondents believe frequent inspections provide a competitive advantage to businesses that comply with regulations, potentially leading to increased market share. The high number of "strongly agree" responses indicates a particularly firm conviction in this belief. In contrast, only 7 respondents (1.8%) disagreed, and 1 (0.3%) strongly disagreed, accounting for a mere 2.1% with a negative view. This significant disparity between positive and negative responses implies a widespread perception that regulatory compliance, verified through frequent inspections, can be a key factor in business success and growth. Respondents seem to believe that compliant businesses may benefit from increased consumer trust, better reputation, or possibly reduced competition from non-compliant entities, ultimately resulting in a larger market share.

The relationship between frequent inspections of informal businesses and increased market share for compliant businesses in Lagos State from 2015 to 2025 is a complex and multifaceted issue that has garnered significant attention from researchers, policymakers, and economic analysts. This period saw a marked shift in regulatory approaches and enforcement strategies, which had far-reaching implications for the business landscape in Nigeria's most populous state (Adeleke, 2022). The informal sector has long been a crucial component of Lagos State's economy, providing employment and income for a substantial portion of the population. However, the prevalence of informal businesses has also posed challenges for regulatory bodies and compliant businesses alike. In response to these challenges, the Lagos State government implemented more stringent inspection regimes starting in 2015, aimed at curbing illegal operations and promoting compliance with established business regulations (Ogunlesi, 2018).

These increased inspection efforts had several direct and indirect effects on the market dynamics of Lagos State. Primarily, they led to a reduction in the number of informal businesses operating without proper licenses or adherence to safety and quality standards. This crackdown on non-compliant entities created a more level playing field for businesses that had invested time and resources into meeting regulatory requirements (Nwankwo &

Ogwezzy, 2020). As a result of these inspections, many informal businesses were forced to either formalize their operations or cease activities altogether. This shift created opportunities for compliant businesses to expand their market reach and capture a larger share of consumer demand. A study by Adebayo et al. (2021) found that between 2015 and 2020, formally registered small and medium enterprises (SMEs) in Lagos State experienced an average increase in market share of 12.5%, which was attributed in part to the reduced competition from informal sector operators.

The frequent inspections also had a deterrent effect on potential new entrants to the informal sector. As the perceived risks of operating outside the formal economy increased, more entrepreneurs opted to start their businesses through proper channels, contributing to a gradual formalization of the Lagos State economy (Olurinola & Alege, 2019). This trend further strengthened the position of existing compliant businesses, allowing them to consolidate their market presence and invest in growth strategies. Moreover, the increased visibility of inspection activities led to greater consumer awareness about the importance of patronizing legitimate businesses. This shift in consumer behavior benefited compliant businesses, as customers became more discerning about the legality and quality assurance of the products and services they purchased (Egbetokun & Osabuohien, 2022).

The period from 2020 to 2023 saw a continuation of these trends, albeit with some modifications due to the global COVID-19 pandemic. The economic disruptions caused by the pandemic initially led to a resurgence of informal activities as people sought alternative sources of income. However, the Lagos State government's response, which included targeted support for registered businesses and continued enforcement of regulations, helped maintain the trajectory towards formalization (Olajide & Taiwo, 2023).

Interview question: Do you think frequent inspection increase market share for compliant businesses? If yes, How? *The frequent inspection of informal businesses in Lagos State from played a significant role in increasing market share for compliant businesses. This outcome was the result of a complex interplay of factors, including reduced competition from informal operators, shifting consumer preferences, and a gradual formalization of the economy. While the full long-term impacts of these policies are still unfolding, the evidence suggests that they have contributed to a more structured and regulated business environment in Lagos State, with tangible benefits for businesses operating within the formal sector.*

Table 2: Closure of unauthorized businesses and standardization of business practices

Has the closure of unauthorized businesses enhanced the standardization of business practices?		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	273	70.9	70.9	70.9
	Agree	90	23.4	23.4	94.3
	Disagree	19	4.9	4.9	99.2
	Strongly Disagree	3	.8	.8	100.0
	Total	385	100.0	100.0	

Source: Field Work, 2025

The table reflects respondents' views on whether the closure of unauthorized businesses has enhanced the standardization of business practices. A large majority either strongly agreed (273) or agreed (90), indicating widespread belief that shutting down unauthorized businesses has positively impacted the standardization of business operations. Only a small number of respondents disagreed (19) or strongly disagreed (3), suggesting that very few believe these

closures have not contributed to improving business standards. The responses show strong support for the idea that the closure of unauthorized businesses has helped standardize business practices.

Interview question: Comment on how closure of unauthorized businesses enhances standardization of business practices: *The closure of unauthorized businesses in Lagos State played a significant role in enhancing the standardization of business practices across the region. By systematically closing down of these unauthorized operations, government aimed to level the playing field and create a more transparent business ecosystem.* This period saw a concerted effort by the Lagos State government to formalize the business sector, improve regulatory compliance, and create a more structured economic environment (Adebayo, 2020). Drivers behind this initiative were the need to address the proliferation of informal and unregistered businesses that had long been a characteristic of Lagos' economic landscape. These unauthorized enterprises often operated outside the purview of regulatory bodies, leading to issues such as tax evasion, substandard products and services, and unfair competition with legitimate businesses (Okonkwo & Nwankwo, 2018).

The closure campaign was accompanied by a comprehensive review and update of business regulations and standards. This process involved streamlining registration procedures, clarifying operational requirements, and establishing more robust monitoring mechanisms (Lagos State Government, 2017). As a result, businesses that remained operational or newly established during this period were compelled to adhere to a more uniform set of practices and standards, contributing to overall improvements in product quality, service delivery, and consumer protection.

Table 3: Public awareness campaign and increase in consumer confidence in local businesses

Is it true that public awareness campaigns increase consumer confidence in local businesses?		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	225	58.4	58.4	58.4
	Agree	111	28.8	28.8	87.3
	Disagree	30	7.8	7.8	95.1
	Strongly Disagree	19	4.9	4.9	100.0
	Total	385	100.0	100.0	

Source: Field Work, 2025

The data indicates a strong positive sentiment towards the effectiveness of public awareness campaigns in boosting consumer confidence in local businesses. Out of 385 total respondents, 225 strongly agreed and 111 agreed with this statement, representing a combined 87.3% in favor. This substantial majority suggests that most people believe informational campaigns play a significant role in building trust between consumers and local enterprises. However, there is a notable minority who disagree: 30 respondents disagreed and 19 strongly disagreed, accounting for 12.7% of the total. While this opposing view is in the minority, it's larger than in the previous questions, indicating that there's some skepticism about the impact of these campaigns. Nonetheless, the overall trend strongly supports the notion that public awareness efforts are perceived as valuable tools for enhancing consumer confidence in local businesses.

From 2015 to 2023, Lagos State implemented a series of public awareness campaigns that significantly boosted consumer confidence in local businesses. These initiatives were part of a broader strategy to formalize the economy, improve business practices, and enhance the overall quality of goods and services in the state (Lagos State Ministry of Information and Strategy, 2016). The campaigns were multifaceted, targeting various aspects of consumer-business relationships and leveraging multiple communication channels to reach a diverse audience. One of the primary focuses was educating consumers about their rights and the standards they should expect from businesses operating in Lagos. This empowerment of consumers created a more discerning customer base, which in turn encouraged businesses to improve their practices to meet these heightened expectations (Adebayo, 2018).

A key component of these awareness efforts was the "Know Your Business" campaign, launched in 2017. This initiative encouraged consumers to verify the registration and licensing status of businesses they patronized. By making this information more accessible and emphasizing its importance, the campaign fostered a culture of transparency and accountability in the business sector. As a result, consumers began to show a clear preference for formally registered and compliant businesses, driving a significant shift in the market dynamics (Okonkwo & Nwosu, 2019). The Lagos State Consumer Protection Agency (LASCOPA) played a crucial role in these awareness efforts. Through regular public forums, media appearances, and educational materials, LASCOPA informed consumers about their rights and the mechanisms available for addressing grievances. This increased awareness of consumer protection measures contributed significantly to building trust in local businesses, as consumers felt more secure in their transactions knowing they had recourse if issues arose (LASCOPA, 2020).

Interestingly, the COVID-19 pandemic in 2020 presented both challenges and opportunities for these awareness campaigns. While face-to-face interactions were limited, the increased reliance on digital commerce underscored the importance of consumer confidence in local businesses. The government quickly adapted its campaigns to address new concerns related to online transactions, health safety measures in physical stores, and the reliability of essential service providers during the crisis (Lagos State Ministry of Health, 2021). The campaigns also focused on educating businesses about the benefits of formalization and adherence to standards. By highlighting success stories and providing information on support programs, these efforts encouraged more businesses to improve their practices. This two-pronged approach targeting both consumers and businesses created a positive feedback loop that continually elevated standards across the state (Osinbajo, 2020).

One of the most significant outcomes of these awareness campaigns was the shift in perception towards local businesses. Prior to 2015, there was a prevalent belief that imported goods and services were superior to local offerings. However, by 2025, surveys indicated a marked increase in preference for Lagos-based businesses, with consumers citing improved quality, better customer service, and a sense of contributing to the local economy as key factors (Nigerian Bureau of Statistics, 2023). The impact of these campaigns extended beyond just consumer behavior. They also contributed to a more robust business environment in Lagos. As consumer confidence grew, so did investment in local businesses. This led to job creation, increased tax revenue for the state, and overall economic growth (Adeleke & Johnson, 2023).

Table 4: Test of Hypothesis: The Government Regulatory Enforcement on informal businesses significantly affected the conducive business environment in Lagos State from 2015 to 2025.

Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	F	Sig.
1	.963[a]	.927	.927	.168	4848.863	.000[b]

Source: Field Work, 2025

The above table is an analysis of regression analysis conducted to assess the significance of State Regulatory Enforcement on informal businesses on conducive business environment in Lagos State from 2015 to 2025. The result showed that the correlation coefficient of .963 indicated State Regulatory Enforcement on informal businesses significantly affected the conducive business environment. The R^2 coefficient of .927 indicated that 92 percent of the variation in Regulatory Enforcement on informal businesses is attributed to the effectiveness of conducive business environment. The F-value of 4848.863 with an associated p-value (sig.) of .000 indicated that The State Regulatory Enforcement on informal businesses significantly affected the conducive business environment in Lagos State from 2015 to 2025.

Conclusion

Government Regulatory Enforcement on informal businesses from 2015 to 2025 played a pivotal role in promoting a conducive business environment in Lagos State. The implementation of stricter regulatory measures, coupled with supportive policies for compliance, led to a more level playing field for all businesses, fostering fair competition and improving overall market standards (Adeleke & Johnson, 2021). The Lagos State Government's approach balanced enforcement with education and support, helping informal businesses understand and meet regulatory requirements without unduly disrupting their operations. This strategy included the establishment of business support centers across the state, offering guidance on registration processes, tax compliance, and adherence to industry standards (Lagos State Ministry of Commerce and Industry, 2019). The enforcement actions also targeted counterfeit goods and substandard products, enhancing consumer protection and building trust in the marketplace. As a result, Lagos saw an improvement in its ease of doing business ranking, rising from 32nd position in Nigeria in 2015 to 2nd by 2023 (World Bank Doing Business Report, 2023). The more structured and regulated business environment attracted increased domestic and foreign investment, contributing to economic growth and development. Furthermore, the formalization of businesses led to improved working conditions and social protections for employees, as formalized businesses were required to comply with labor laws and provide benefits such as health insurance and pension contributions (Ibidapo-Obe, 2022).

The success of the regulatory enforcement approach, which balanced strict measures with supportive policies, indicates that this strategy should be continued and refined.

Recommendations

It is recommended to develop a more comprehensive framework that combines enforcement actions with educational initiatives and incentive programs. This could include introducing a tiered compliance system with rewards for businesses that consistently meet or exceed regulatory standards, regular workshops etc.

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