

COVID-19 PANDEMIC AND THE INFORMAL SECTOR IN NIGERIA: IMPLICATIONS FOR SUSTAINABLE SMEs

Abstract

Covid-19 pandemic has caused an incomparable health crisis with frequent tragic consequences and interrupted every aspect of social and business activity across the world, putting about half of the world's economic activity under stress and has also disrupted supply chains. This study examined the implication of Covid-19 pandemic on the sustainability of small and micro entrepreneur business in the informal sector in Nigeria with specific focus on Ose market in Onitsha, Anambra State. The study specifically analyzed the performance, risk and vulnerability of small and micro businesses within the period of pandemic. Multi-stage, purposive and random sampling techniques were used in selecting 150 small and micro entrepreneurs business in the informal sector in Onitsha from which data used for the study were collected. Primary data was collected using questionnaire instruments. The study reveals that, Covid-19 exerted significant effect on small and medium scale entrepreneurs in the informal sector and that small and medium scale businesses are vulnerable and prone to risk. The study therefore, recommends among other things that government should provide safety net to small and medium scale business in form of zero interest loan and other forms of government assistance in order to cushion the effect of covid-19.

1. Introduction

The national and global economies has been severely affected by the outbreak of coronavirus disease (COVID-19). Covid-19 has caused an unprecedented health crisis with frequent tragic consequences. Across the world, most aspect of social and business activity were interrupted, putting about half of the world's economic activity under stress (Donthu & Gustafsson, 2020). In other words, making entrepreneurs face different issues with a certain degree of losses It has disrupted supply chains, the workforce, cash flow, consumer demand, sales, and marketing, forced many businesses to close (Donthu & Gustafsson,2020). According to Tembo (2020), the international trade commission survey revealed that the pandemic has strongly affected nearly two-third of small and micro businesses at the informal sector which are at the risk of closure. The informal sector serves as a source of employment for the poor, absorbing low level of education holders and those unable to secure wage employment in the formal sector. In Nigeria, according to international labour organization, about 80% of working people are employed in the informal sector (Obiakor.2020). The Nigerian Ministry of Labour and Productivity is of the view that the informal sector of the nation's economy accounts for no less than 90% of new job openings in Nigeria (Ahiuma-Young & Adeniyi, 2008). In Nigeria, the federal ministry of labour

in Lagos state declared that the informal sector accounts for 80 per cent of non-agricultural employment, 60 per cent of urban employment and over 90 per cent of new jobs in Nigeria (Ahiuma-Young & Adeniyi, 2008).

According to ILO 2018 estimate, it shows that about 93% of all employment in Nigeria is informal, with 95% of women working in the informal sector as compared to 90% of men. About 50% of informal workers are independent workers who owns and accounts for their business and 50% are employees who works for an employer, mostly in small or medium informal enterprises (Obiakor, 2020). In Nigeria, the informal sector constitutes the largest employer of labour and a source of living for many citizens. It therefore, contributes significantly to the national economy in terms of employment and income sourcing (Tamunomiebi & Ukachukwu, 2018). With a pervasive informal sector and outbreak of Covid19, there will be a drastic drop in the Nigerian economy. The pandemic lockdown affected mostly those who perform urban informal sector economic activities. The devastating majority of informal economy workers work in susceptible working conditions, in which they have no access to occupational, health and social protection safety and are mostly dependent on a daily income to feed their families They have fewer resources to ride out the pandemic which makes them more vulnerable to the crisis (Obiakor, 2020). Restrictions on movement affected the ability of these groups to generate income, thus reducing their consumer spending. The restrictions on movement have rendered many people jobless, as all economic activities have slowed down. The pandemic also affected their ability to meet their basic needs such as access to food, shelter and health services as they are predicated on daily access to face to face interaction and customer flow (Lashitew, 2020).

During the lock down, there was loneliness and people prefer social media over physical interaction and this paved a way for an increase in social media usage and the internet (Donthu & Gustafsson, 2020). These challenges during this crisis resulted in small and medium entrepreneurs advocating for other alternative way of providing support for the survival of their business. Some started changing their business model in order to adapt to this new changing environment and also adopted new technology in order to fit in and avoid a total shut down of economic activities (Yusuf, 2020). However, Small and medium enterprises in the informal sector found it more difficult adapting to the virtual means of doing business. (Nowland, Necka & Cacioppo, 2018).

The government has made some effort to see to the survival of these small and micro enterprises by use of tax waivers, temporary tax relief and financial programme and cash transfers. The Central Bank of Nigeria (CBN) has provided a fiscal stimulus package that includes a credit facility of 50 billion naira for households and small and medium-sized businesses most affected by the pandemic, and one trillion naira (\$2.78 billion) to the manufacturing sector. In addition, interest rates on all CBN interventions have been revised downward from 9% to 5%, and a one-year moratorium on CBN intervention facilities implemented as of March 1, 2020. Despite these efforts, it is observed that, many businesses especially Small and Medium Enterprises (SMEs) in informal sector in Nigeria have collapsed as a result of negative effect of the COVID-19 pandemic. There is vulnerability with regard to the business transactions especially SMEs despite the fact that priority has been given to protection of life and health conditions of the citizens (Amuda, 2020).

Most SMEs in the informal sector are not registered and are unorganized. They are unlikely to get the support of government in form of financial compensation or tax benefit because they are mostly from disadvantaged social segments. The status of their activity is unknown which limits the feasibility of the targeted intervention. The vulnerability of all these informal business entrepreneurs has led to increased social ills, unrest and criminality, with people taking to desperate measures to survive.

Most of the researchers concentrated on the macro effect of the pandemic on the economy, the strategies used in coping during the pandemic but less has been said about the effect on the small and micro entrepreneurs in the informal sector with a case study in Anambra State. This study will contribute to the existing knowledge by concentrating on the effect of this pandemic on small and medium entrepreneurs in the informal sector, finding out the risk and vulnerability of these businesses and how it was sustained.

Research Objectives

1. To examine the effect of Covid-19 pandemic on small and medium entrepreneurs in the informal sector.
2. To ascertain the extent of the risk and vulnerability of the small and medium entrepreneurs business in the informal sector,
3. To find out how small and medium entrepreneurs were able to sustain their business during the pandemic.

The rest of the paper is structured as follows: following the introduction in section one is a brief stylised fact of overview of Covid-19 and the informal sector in Nigeria. In section two, we review few related literature, section three provides the methodology of the study, section four dwells on the data analysis and discussion of results and section five concludes with recommendations.

Stylized Facts: Overview of Covid-19 and the Informal Sector in Nigeria

A new virus (Covid-19) on December 2019 appeared in Wuhan city in China. This pathogen is known to affect the human respiratory tract which is called severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2) (Chinese Centre for Disease Control and Prevention, 2020). On March 11, 2020, the World Health Organization declared it a pandemic. The crisis is hitting the entire world economy (African Union Commission, 2020). No continent has been able to escape this virus which has a mean mortality rate of about 2.3%. Presently, there have been nearly 2,674,078 deaths, with more than 120,915,219 cases confirmed in 223 countries and regions worldwide, showing the seriousness of the virus worldwide (World Health Organization, 2021). Since outbreak of the virus, each country has been struggling on how to curtail the spread with their borders.

Nigeria which is the Africa's most populous nation is not left out. After recording its first case of COVID-19 on February 27, 2020, Nigeria activated a Coronavirus Emergency Operation Centre and established a Presidential Task Force. According to NCDC (2021), Nigeria has recorded about 160,332 confirmed cases and 2,009 deaths as at 13th March 2021. In the first phase of the pandemic, a lot of measures have been implemented by the government to curb the spread of the virus such as closing down of primary, secondary and tertiary institutions, international airports, markets and public gatherings such as weddings and burial ceremonies. Again lock down was

declared in most of the major states in Nigeria including Anambra State which stopped non-essential activities across the state. Recently, some of these measures have been gradually lifted in some parts of the country.

A study released in 2017 revealed that the informal sector contributes 65 per cent of Nigeria's national GDP, by far the highest proportion to be found in any sub-Saharan African country (Medina, et al. 2017). . Compared with a total labour force of almost 60 million individuals in 2020, it is estimated that close to 56 million Nigerians derive their livelihood from the informal economy (Nnabuife, Okoli & Anugwu, 2020). Bearing in mind that the informal sector serves as a source of employment for the poor, it absorbs the low level education holders and those unable to secure wage employment in the formal sector. The low level of income of SMEs in the informal sector affected the overall purchasing power of the consumers. Again, those in the informal sector are not adequately represented in local and national governance structures, and are not protected by labour laws. These deficiencies increases the risk of the 2020 coronavirus outbreak and the resulting global economic downturn having a devastating impact on the lives and livelihoods of Nigeria's informal business enterprises. The vast majority of informal business actors are those whose income-generating activities are dependent on daily face-to-face interactions with customers and suppliers. The lockdown imposed in Nigeria's most urbanized states caused rising food prices in these states, driven by disrupted food supply chains and panic buying. The COVID-19 pandemic has exacerbated the consumption volatility of poor households who are unable to smooth consumption (Obiakor 2020). Nigeria's informal economy was hit hardest by the containment measures. These closures had negative effect across all sectors of the economy especially those who perform urban informal economic activities. Such activities include street trading, vending, hair dressers, repair and service providers, home based enterprises, micro and medium scale businesses etc. this lockdown effectively stopped all income generating activities for people engaged in non-essential services.

2. Empirical Literature Review

Various studies have examined the effect of COVID-19 pandemic on Small and Medium businesses all over the world and found a significant impact of the crisis. For instance, Shafi, Liu, and Ren (2020) using exploratory methodology assessed the impact of outbreak of Covid-19 on micro, small, and medium-sized enterprises (MSMEs) businesses. The study administered an online questionnaire to 184 MSMEs in Pakistan of which the data were analyzed using

descriptive statistics. The findings of the study showed that most of the enterprises were affected severely and faced a lot of challenges such as supply chain disruption, reduction in sales and profit, and decrease in demand. Most of the enterprises were of the view that they could not survive if the lock down lasts for more than two weeks.

Aladejebi (2020) using a quantitative research technique examined the impact of Covid-19 for Small and medium enterprises (SMEs) in Nigeria during the ongoing COVID-19 crises, the government efforts and the strategies they adopted to manage the effect on their businesses. The study distributed 360 questionnaires to SME owners. The study found that Covid-19 has a severe impact such as a reduction in revenue, staff salaries and because of this, most of the SMEs were not able to repay loans, rent and salaries. The study also found that the government is not doing enough to curtail the spread of the Pandemic.

Bartik, Bertrand, Cullen, Glaeser, Luca, and Stanton (2020) using experimental variation in U.S.A, investigated the impact of coronavirus disease on small businesses outcome and their expectation. The researcher surveyed about 5,800 small businesses. The researcher found that few weeks into the crisis, there were mass layoff of workers and most of the businesses had already closed down. The researcher also found that the risk of closure was negatively associated with the expected length of the crisis. Again, majority of the business planned to get funded through the CARES (Coronavirus Aid, Relief, and Economic Security Act but encountered problems in accessing the program such as bureaucratic hassles and difficulties establishing eligibility.

Imanche, Tasinda, and Salisu (2020) examined the effect of COVID-19 on SMEs' business in Nigeria. The study found that the country witnessed an unprecedented economic slowdown and shutdown which led to financial crisis among SMEs. The SMEs tried to survive but due to lock down, the reduction in consumer spending power and decrease in imports negatively affected SMEs. The study recommended that SMEs should be more proactive in adapting to this new situation.

Olufemi (2020) using a quantitative research examined the impact of COVID-19 on small and medium enterprises and their survival strategies using 360 SME in Lagos state of Nigeria. The study found that the impact on SMEs include a reduction in revenue and reduction on staff

salaries. The study also found that the government has not been doing enough to curtail the spread of the Pandemic. Most of the problems faced by SMEs are the inability to repay loans, rent, and salaries. The study recommended that the government in order to help SMEs should lower interest rate, they should also relax loan and tax repayments.

Mohsin, Junrong, and Wenju (2020) using an exploratory research method assessed the impact of COVID -19 on micro, small, and medium-sized enterprises (MSMEs) in Pakistan and found that the outbreak of coronavirus disease (COVID-19) has severely affected the global and Pakistani economy for the fact that over 83% of enterprises were neither prepared nor have any plan to handle such a situation. The study also found that most of the participating enterprises have been severely affected and they are facing several issues such as decrease in demand, supply chain disruption, sales reduction and profit etc. Conversely, some studies investigated the effect of the lockdown during the pandemic on the SMEs and also found a significant effect on their business. Ahmad, Suraiya, and Mohd (2020) investigated the impact of lockdown and limited movement order on Small and medium enterprises in Malaysia and the survival strategies. The study described Coronavirus outbreak as the latest world tragedy that have affected all sectors in the economy. The study applied qualitative approach conducted through phone-based interviews with six selected SMEs' owners. The study found that there were operational problems such as supply chain disruption, disruption in operation and the financial problems such as imbalance of cash flow, access to stimulus packages and risk of bankruptcy. The study also found that the SMEs' were able to survive using the financial and marketing strategies.

Abioye, Ogunniyi and Olagunju (2020) using a linear probability model examined the effect of COVID-19 related cases and lockdown measures on the issues related to Small and Medium Scale Enterprise in Nigeria. The study found that Covid-19 has affected slightly and severely majority of the entrepreneurs through the partial and total lockdown and movement restrictions and the effect differs from one sector of the economy to the other. For instance, the study found that partial lockdown measures had an increasing likelihood effect on low sales among the enterprises especially for the non-agricultural sector but there is a contrary result in the context of the food and agricultural sector. In addition, partial lockdown increases the likelihood of

switching approaches of business whereas total lockdown has a negative influence on the coping strategy

3. Research Methodology

The section presents the methodology that is used to collect and analyze the data required to achieve the research objectives. The discussion includes the research design, population/sample, source and method of data collection, variables of the study, instrumentation, among other things

3.1 Research Design

This study adopts a survey research design in which data was collected once across the population through random sampling. In order to address its objectives, the study employs quantitative methods. The quantitative survey research design is vital to create quantifiable causes and effect relationship between the variables of the study. The major statistical method employed in this quantitative research is descriptive statistics, which helps to count the frequency of response. After the required data was collected, it is analyzed by using statistical package for the social sciences (SPSS).

3.2 Population and sampling Method

3.2.1 Study Area and population

The study was conducted in (Ose market) Onitsha area of Anambra state. This area is chosen because it is one of the major commercial areas in the state and has a high concentration of informal sectors. The number of people into SME in informal sector is not known, we made an estimate and considered a business cluster of about 250 participants which was used in getting the sample size.

3.2.2 Sampling Method

The sampling method that was employed in this study is purposive and simple random sampling. This sampling technique is necessary to ensure that as much as possible biasness is removed or is minimized and a fair representation is obtained.

3.2.3 Sample size

It was impossible to collect data on the whole population, considering the size, as well as the time, available to the researcher. Thus, to avert such constraint the researcher forced to draw sample from the whole population. According to Field (2005), whenever it is possible to access the entire population, it is possible to collect data from sample and use the behaviour within the sample to make inference about the behaviour of the population. Field (2005) also states that the bigger the sample size, the likely it reflect the whole population. Therefore, the sample size of the study is determined using the Taro Yamane's formula. Thus, the formula used to calculate the sample size is:

$$n = \frac{N}{1+N(e^2)}$$

Where N = is the total population; n = is the sample from the population; e = is the error term, which is 5% (i.e. at 95% confidence interval). Using the above formula the simple size of the study is determined as

$$n = \frac{250}{1+250(0.05^2)} = 153.8, \text{ which approximately equal 150 respondents}$$

3.3 Source of Data/ Method of Data Collection

To address the research objectives, the study made use of primary data. The data was collected through self-administrated survey questionnaire to randomly selected informal sector operators in Ose Market in Onitsha.

3.4 Method of Data Analysis

The study made use of quantitative techniques in analyzing data. The quantitative data is obtained through structured questionnaire administered to business men and women in the informal sector. The data gathered through questionnaire was coded, entered into computer and analyzed and presented in the form of tables using SPSS version 16.1 software and Microsoft excel 2013. The data was analyzed according to the research objectives, using descriptive statistics. The descriptive analysis was used to summarize the demographic characteristics of the respondent and to analyse the research objectives. We used the mean and standard deviation in analysing the response for each item. According to Zaidaton and Bagheri (2009) the mean score below 3.39 was considered as low, the mean score from 3.40 up to 3.79 was considered as moderate and mean score above 3.8 was considered as high.

4. Empirical Results

This section focuses on the analysis of data and the discussion of the findings of the study in relation to Covid-19 pandemic and small and medium scale enterprises. The findings of the study are analyzed based on the specific objectives and hypotheses of the study in line with the empirical finding of previous related study.

4.1 Descriptive Statistics

150 questionnaire were administered to operators in the informal sector in Onitsha, Anambra state, out of this number, 128 questionnaires were duly filled and returned, this number presents about 85% response rate. As a preliminary, we present the demographic characteristics of respondents. The results are summarized in Table 1.

Table 1: Demographic Characteristics of Respondents

Variable	Category	Frequency	Percentage (%)
Gender	Male	39	30.5
	Female	89	69.5
	Total	128	100
Age	20 years – 29 years	77	60.2%
	30 years – 39 years	38	29.7
	40 years – 49 years	Nil	Nil
	50 years and above	13	10.2
	Total	128	100
Educational Qualification	FSLC/O' Level	39	30.5
	NCE/OND	13	10.2
	HND/Degree	76	59.4
	Master/Ph.D	Nil	Nil
	Total	128	100
Marital Status	Single	38	26.8%
	Married	77	63%
	Divorced	13	2.1%
	Others	Nil	2.1%
	Total	128	100
Family Size	Less than 5	63	49.2
	5 – 8	65	50.8
	More than 8	Nil	Nil
	Total	128	100
Number of dependents	1 – 3	89	69.5
	4 – 6	26	20.3
	7 and above	13	10.2
	Total	128	100

Source: The Researcher based on Field Survey, (2021)

As it is shown in Table 1, 30.5 percent (n= 39) of the respondents are male, while 69.5 percent (n = 89) of the respondents are female. Regarding to the age composition of the respondents, the largest number of the respondents 77 (60.2 percent) is in the age group of 20 to 29 years; the second largest group 38 (29.7 percent) are those aged between 30 to 39 years, of the total respondents 13 (10.2 percent) indicated that they are in the age group of 50 years and above. Thus, the majority respondents of this study are female with ages ranging between 20 to 29 years old. The educational background of respondents as shown in Table 2, reveals that the largest group of respondents 76 (59.4 percent) are either HND or bachelor degree holders, the next largest group 39 (30.5 percent) are either primary or secondary school leavers followed by those hold either NCE or College Diploma 13 (10.2 percent), none of the respondents holds Master's degree or Ph.D. Therefore, the majority of the respondents have HND or bachelor degree as their highest level of education. Regarding to the marital status of the respondents, 77 respondents presenting about 60.2 percent of the total are single, while about 29 percent (n= 38) are married. Out of the total respondents 13 (10.2 percent) indicated that they have been divorced.

4.2 Covid-19 and Small and Medium Scale Enterprises

4.2.1 The Effect of Covid-19 on Small and Medium Entrepreneurs in Informal Sector

In this part, we evaluate the responses of the respondents with regard to the effect of Covid-19 pandemic on their businesses. In doing so; the items for measurement of the effect of Covid-19 on small and medium entrepreneurs in the informal sector are summarized to achieve the first research objective. In this analysis the response for each specific statement are compared using the mean and standard deviation score. The degree of agreement or disagreement of the respondent for each statement are also analyzed by summarizing the five point Likert Scale response into three by consolidating the strongly agree and agree response into one positive response (i.e. Agree) and the strongly disagree and disagree response in to one negative response (i.e. disagree) and the neutral response is taken as it is.

Objective 1: To examine the effect of Covid-19 pandemic on small and medium entrepreneurs in the informal sector

To achieve this objective, we evaluate the responses of the participants on the effect of Covid-19 pandemic on small and medium businesses using seven items. The results are presented in Table 2.

Table 2: Entrepreneurs perception on the effects of Covid-19 on SMEs

S/N	Items used to measure the effect of Covid-19 pandemic on SMEs	Mean	Std. Dev.
1	My business has been in operation before the pandemic in 2020	4.81***	0.585
2	I laid off workers/apprentices during the pandemic	2.98*	1.343
3	I experienced low sales during the pandemic	4.39***	1.029
4	I experienced loss of goods due to damages during the pandemic	3.48**	1.292
5	I experience remarkable fall in revenue during the pandemic	3.89***	1.052
6	I have poor access to health care because of low income	3.69**	1.278
7	I was not able to pay my bills/ loans during this pandemic	3.69**	1.278
Total		3.84***	1.122

***, ** and * indicate high, moderate and low mean score respectively

Source: Authors' survey data, (2021)

The results indicate that three items exhibit high mean score, that is, “the business has been in operation before the pandemic in 2020”, “there was low sales during the pandemic” and “remarkable fall in revenue during the pandemic”, with mean scores of 4.81, 4.39 and 3.89 respectively. Also three items show moderate mean score. However, one item, “I laid off workers/apprentices during the pandemic” exhibit low mean score of 2.98. The overall response for the seven items indicates the mean score of 3.84 and Standard deviation of 1.122. The higher the mean score, the more that respondents agreed with the statement is true and vice versa. Therefore, the results suggest that Covid-19 pandemic affected small and medium scale business in Onitsha area. The standard deviation (SD) also indicates the degree to which responses varied from each other; the higher the value for SD, the more variation in the responses.

4.2.2 The Extent of Risk and Vulnerability of the Small and Medium Scale Entrepreneurs in the Informal Sector

We evaluate the responses of the respondents on the extent of risk and vulnerability of Small and Medium scale businesses. We use eight items to measure the extent of risk and vulnerability of SMEs. We compared the response of the participants for each specific statement using the mean and standard deviation score. The degree of agreement or disagreement of the respondent for each statement are also analyzed by summarizing the five point Likert Scale response into three by consolidating the strongly agree and agree response into one positive response (i.e. Agree) and the strongly disagree and disagree response in to one negative response (i.e. disagree) and the neutral response is taken as it is.

Objective 2: To ascertain the extent of the risk and vulnerability of the small and medium entrepreneurs business in the informal sector

To achieve this objective, we evaluate the responses of the participants on the extent of risk and vulnerability of the SMEs using eight items. The results are presented in Table 3

Table 3: The extent of risk and vulnerability of SMEs

S/N	Items to measure the risk and vulnerability of the small and medium entrepreneurs business in the informal sector	Mean	Std. Dev.
1	My business activity has reduced	3.65**	1.153
2	I experience severe threat to my business during the pandemic	3.69**	1.195
3	I have been having increasing cost to my business	4.12***	1.113
4	I may be out of business if there is no further support	3.59**	1.031
5	I expect to continue in this line of business	3.72**	1.086
6	I will diversify into another business	3.10*	1.209
7	I will totally shut down the business with the current situation	2.90*	1.049
8	I can only survive for one month	2.61*	0.924
Total		3.42*	1.095

***, ** and * indicate high, moderate and low mean score respectively

Source: Authors' survey data, (2021)

The results indicate that only item, that is “increasing cost of running business” exhibit high mean score of 4.12, whereas four items indicate moderate mean score. For instance “the reduction in business activity” and “threat to business during the pandemic” have moderate mean scores of 3.65 and 3.69 respectively. On the other hand, three items, “I will diversify into another business”, “I will totally shut down the business with the current situation” and “I can only survive for one month” show low mean scores of 3.10, 2.90 and 2.61 respectively. The overall response for the eight items indicates the mean score of 3.42 and Standard deviation of 1.095. The mean score is moderate, suggesting that the extent of risk and vulnerability of the SMEs is substantial. Though not alarming, these risks are substantial enough to drive them out of business. The standard deviation (SD) also indicates the degree to which responses varied from each other; the higher the value for SD, the more variation in the responses.

4.2.3 The Sustainability of Small and Medium Scale Entrepreneurs in the Informal Sector

We evaluate the responses of the respondents on the sustainability of small and medium scale entrepreneurs in the informal sector using six indicators. We compared the response of the participants for each specific statement using the mean and standard deviation score. The degree of agreement or disagreement of the respondent for each statement are also analyzed by summarizing the five point Likert Scale response into three by consolidating the strongly agree and agree response into one positive response (i.e. Agree) and the strongly disagree and disagree response into one negative response (i.e. disagree) and the neutral response is taken as it is.

Objective 3: To find out how small and medium entrepreneurs were able to sustain their business during the pandemic

To achieve this objective, we evaluate the responses of the participants on the sustainability of the SMEs using six items. The results are presented in Table 4

Table 4: The Sustainability of SMEs

S/N	Items to measure business sustainability	Mean	Std. Dev.
1	I changed line of business in order to survive	2.78*	1.079
2	I used some technology to support my business such as computer, phone or other gadgets	3.19*	0.978
3	I started online business during the outbreak	2.51*	0.676
4	I received palliative from government during this period	2.60*	0.668
5	I got support from friends, family and relations	2.60*	0.668
6	I changed location or place of business	2.30*	0.459
Total		2.66*	0.755

***, ** and * indicate high, moderate and low mean score respectively

Source: Authors' survey data, (2021)

The results indicate that all the six items exhibit low mean score. Similarly, the overall response for the six items indicates the mean score of 2.66 and Standard deviation of 0.755. The mean score is substantially low, suggesting that SMEs are not sustainable. The standard deviation (SD) also indicates the degree to which responses varied from each other; the higher the value for SD, the more variation in the responses.

5. Summary, Conclusion and Recommendations

The study assessed the impact of covid-19 pandemic on small and medium scale entrepreneurs in Onitsha area. Three research objectives guided the conduct of this paper. First, to examine the effect of Covid-19 pandemic on small and medium entrepreneurs in the informal sector. Second,

to ascertain the extent of the risk and vulnerability of the small and medium entrepreneurs business in the informal sector, and third, to find out how small and medium entrepreneurs were able to sustain their business during the pandemic

In conducting this study, the required data is obtained through structured questionnaires. Simple random sampling was used to select the respondents. A total of 150 questionnaires were administered to operators in the informal sector in Onitsha, Anambra state, out of this number, 128 questionnaires were duly filled and returned, this number presents about 85% response rate. The 128 returned questionnaires were analyzed using statistical package for social science (SPSS version 16). We used the mean and standard deviation in analysing the response for each item. According to Zaidaton and Bagheri (2009) the mean score below 3.39 was considered as low, the mean score from 3.40 up to 3.79 was considered as moderate and mean score above 3.8 was considers as high.

Based on the finding of the study the following conclusions are drawn: First, Covid-19 exerted significant effect on small and medium scale entrepreneurs in the informal sector. These effects manifest in the form of low sales during the pandemic, leading to decline in revenue. Second, small and medium scale businesses are vulnerable and prone to risk. Risk in the form of rising cost of doing business among others. Third, small and medium scale businesses are not sustainable, especially during economic crisis, or other form of crises that affect economic activities, like the covid-19 pandemic.

From the findings of this study, we make the following recommendations: First, government could consider the plight of these informal SMEs and provide safety net to their business in form of zero interest loan and other forms of financial assistance in order to cushion the effect of covid-19. Second, small and medium scale entrepreneurs should be educated on the use of online platforms for their businesses and finally, the government can also put a more resilient value chains that can withstand disruptions in the future.

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Questionnaire

This questionnaire is only for research purpose. Any information given should be treated with confidentiality.

Please tick (✓) one appropriate answer.

SA= Strongly Agree

A= Agree

SD=strongly disagree

D= Disagree

N= No idea

Effect of covid 19 on Small and medium entrepreneurs in informal sector

	item	SA	A	SD	D	N
1	my business has been in operation before the pandemic in 2020					
2	because of the pandemic I laid off workers/apprentices					
3	I have experienced low sales					
4	I have experienced loss in demand					
5	I have experienced loss of goods due to damages					
6	I have loss of revenue					
7	I have poor access to health care because of low income					
8	I was not able to pay my bills/ loans during this pandemic					

Extent of risk and vulnerability

	item	SA	A	SD	D	N
9	My business activity has reduced					
10	There is severe threat to my business					

11	I have been having increasing cost to my business					
12	I may be out of business if there is no further support					
13	I expect to continue in this line of business					
14	I will diversify into another business					
15	I will totally shut down the business with the current situation					
16	I can only survive for one month					

Business sustainability

17	I changed line of business in order to survive	SA	A	SD	D	N
18.	I used some technology to support my business such as computer, phone or other gadgets					
19	I started online business during the outbreak					
20	I received palliative from government during this period					
21	I got support from friends, family and relations					
22	I changed location or place of business					