

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

Abstract

The Covid-19 epidemic has generated an unprecedented health crisis, with numerous terrible outcomes, and has impacted every element of social and corporate activity around the world, putting around half of the world's economic activity under stress, as well as 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 effect of covid 19 on informal SME, extent of risk and vulnerability and how small and micro businesses were sustained 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.

Key words: Covid 19, Informal sector, sustainability, Nigeria

1. Introduction

Coronavirus illness has had a significant impact on both the national and global economies (COVID-19). Covid-19 has triggered an unparalleled public health catastrophe, with numerous catastrophic outcomes. Most aspects of social and business activity were disrupted around the world, placing around half of the world's economic activity under stress (Donthu & Gustafsson, 2020). To put it another way, causing entrepreneurs to face a variety of challenges, some of which result in losses. Supply chains, labor, cash flow, consumer demand, sales, and marketing have all been affected, forcing numerous 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 employs the poor by absorbing those with a low level of education and those who are unable to find wage work in the formal sector. According to the International Labour Organization, around 80% of Nigerian workers are employed in the informal sector (Obiakor.2020). According to the Nigerian Ministry of Labour and Productivity, the informal sector of the economy accounts for at least 90% of new job

vacancies in Nigeria. (Ahiuma-Young & Adeniyi, 2008). The informal sector accounts for 80% of non-agricultural employment, 60% of urban employment, and more than 90% of new jobs in Nigeria, according to the federal ministry of labor in Lagos state (Ahiuma-Young & Adeniyi, 2008).

According to ILO (2018) estimate, it demonstrates that informal employment accounts for roughly 93 percent of total employment in Nigeria, with 95 percent of women and 90 percent of males working in the informal sector. About half of informal workers are self-employed individuals who own and operate their own businesses, while the other half work for an employer, primarily in small and medium-sized businesses (Obiakor, 2020). The informal sector in Nigeria is the largest employer of labor and a source of income for many Nigerians. As a result, it makes a substantial contribution to the national economy in terms of employment and income generation. (Tamunomiebi & Ukachukwu, 2018). With a large informal economy and a Covid19 outbreak, there will be a drastic drop in the Nigerian economy. The pandemic's lockdown primarily impacted individuals who work in the city's informal economy. The great majority of workers in the informal economy labor in hazardous conditions, with little access to occupational, health, or social protection, and are largely reliant on a daily wage to feed their family. They have fewer resources to deal with the pandemic, making them more vulnerable to it (Obiakor, 2020). Movement restrictions hampered these groups' ability to earn money, resulting in lower consumer spending. Many people have lost their jobs as a result of the restrictions on movement, which have slowed all economic activity. Because they rely on daily face-to-face interaction and customer flow, the pandemic harmed their ability to meet basic needs like food, shelter, and health care (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 announced a fiscal stimulus plan that comprises a 50 billion naira credit facility for households and small and medium-sized companies most impacted by the pandemic, as well as a one trillion naira (\$2.78 billion) credit facility for the industrial sector. Furthermore, interest rates for all CBN interventions have been reduced from 9% to 5%, and a one-year embargo on CBN intervention facilities will begin on March 1, 2020. Despite these efforts, many enterprises in Nigeria's informal sector, particularly SMEs, have failed as a result of the COVID-19 pandemic's detrimental effects. Despite the fact that the protection of citizens' lives and health conditions has taken precedence, there is vulnerability in economic transactions, particularly among SMEs. (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. Because of the vulnerability of all of these small-business owners, there has been an increase in social evils, unrest, and criminality, with many resorting to desperate methods to live.

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

In the Chinese city of Wuhan, a new virus (Covid-19) was discovered in December 2019. This bacterium has been linked to severe acute respiratory syndrome in humans, the second coronavirus (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). This virus, which has a mean mortality rate of about 2.3 percent, has not been able to escape any continent. There have been nearly 2,674,078 deaths to date, with over 120,915,219 cases confirmed in 223 countries and regions around the world, demonstrating the virus's global severity (World Health Organization, 2021). Since outbreak of the virus, each country has been struggling on how to curtail the spread with their borders.

Nigeria, Africa's most populated country, is not excluded. Nigeria formed a Coronavirus Emergency Operation Centre and established a Presidential Task Force after recording its first case of COVID-19 on February 27, 2020. 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, the government has taken a number of steps to prevent the virus from spreading,

including the closure of primary, secondary, and tertiary schools, international airports, markets, and public gatherings such as weddings and funerals.. 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.

According to a research published in 2017, the informal sector accounts for 65 percent of Nigeria's national GDP, the greatest proportion of any Sub-Saharan African country (Medina, et al. 2017). Compared to a total labor force of almost 60 million people in 2020, it is anticipated that close to 56 million Nigerians rely on the informal economy for their living. (Nnabuife, Okoli & Anugwu, 2020). Given that the informal sector is a source of employment for the poor, it absorbs those with a low level of education and those who are unable to find wage work 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 working in the informal sector are underrepresented in local and national governance structures and are not covered by labor laws. These flaws increase the risk of a coronavirus outbreak in 2020, as well as the ensuing global economic downturn, wreaking havoc on the lives and livelihoods of Nigeria's informal businesses. The vast majority of informal business actors are those who rely on daily face-to-face encounters with clients and suppliers to generate income. Food prices in Nigeria's most urbanized states have risen as a result of interrupted food supply lines and panic buying as a result of the shutdown. The COVID-19 pandemic has worsened impoverished households' consumption volatility, as they are unable to smooth their spending (Obiakor 2020). The containment measures had the greatest impact on Nigeria's informal sector. These closures had a significant impact on all sectors of the economy, particularly those that engage in urban illegal economic activity. Street selling, vending, hairdressers, repair and service providers, home-based businesses, tiny and medium-scale firms, and so on are examples of such activities. This shutdown effectively halted all non-essential service workers' income-generating operations.

2. Conceptual Issues

a. **Informal Sector**-.The informal economy is defined as a segment of the economy that is not regulated by the government and is not taxed. They include self-employed individuals and those who work for self-employed individuals. They normally do their business in unsecured and

unprotected places. The primary objective of informal sector is to generate income and employment through production of goods and services to those concerned persons. These units are small-scale and operate at a low organizational level, with little or no division between labor and capital as factors of production. According to ILO (1993) labour are based mostly on casual employment, kinship or personal and social relations rather than contractual arrangements with formal guarantees. The informal sector has been expanding recently and provides a very significant economic opportunity for the poor. In developing countries, informal sector constitutes a great proportion of the economy. They are characterized by low income, income stability, significant family responsibilities, high cost of living (particularly in urban areas), and inadequate social safety nets, all of which contribute to living on the edge. The majority of micro and small businesses/daily earners have relatively minimal income, making it difficult for them to save/invest for emergencies such as the current covid-19 outbreak (CSEA, 2020).

b. Sustainability: The term "sustainable" was coined to describe a person's ability to provide for oneself in a way that is long-term viable (Krantz, 2001). Sustainability can also be used to describe one's ability to withstand external shocks or stresses (Similar to covid-19) and recover from them while sustaining or increasing one's livelihood (Serrat, 2017). The idea was born out of a desire to broaden the scope of poverty research beyond the physical manifestations of poverty to include vulnerability and social exclusion as well (Krantz, 2001). The concept of sustainable livelihood is used in this study to examine the activities of people in the informal sectors who are conceived as poor, with low income, poor access to health care, mostly illiterate, lacked social services and highly vulnerable to sudden shock such as the outbreak and spread of the present covid-19 pandemic. The covid-19 pandemic will greatly affect the ability of the people in the informal sector to cope with and recover from the stresses and shocks of the pandemic and maintain or enhance their capabilities and assets both now and in the aftermath of the pandemic.

3. 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 Pakistan's micro, small, and medium-sized enterprises (MSMEs) and it was discovered that the outbreak of coronavirus disease (COVID-19) has had a significant impact on the global and Pakistani economies, as over 83 percent of businesses were unprepared or lacked a plan to deal with such a situation. The study also discovered that the majority of the participating businesses have been significantly impacted and are dealing with challenges such as decreased demand, supply chain disruptions, sales and profit reductions, and so on. 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

Contribution to Knowledge: A lot of studies has been done on covid 19 pandemic and informal SME's in Nigeria and its implication on sustainability but this study contributes to knowledge by focusing on Ose market in Anambra State. This study also deviates from other studies by focusing on the risk and vulnerability.

4. 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

4.1 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).

4.2 Population and sampling Method

4.2.1 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.

4.2.2 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.

4.2.3 Sample size

Given the size of the population and the time available to the researcher, it was impossible to collect data on the entire population. To avoid this constraint, the researcher was forced to take a sample from the entire population. According to Field (2005), whenever access to the full population is possible, it is conceivable to collect data from a sample and use the sample's behavior to derive inferences about the overall's behavior. According to Field (2005), the larger the sample size, the more probable it is to represent the entire population. As a result, the Taro Yamane formula is used to establish the study's sample size. As a result, the sample size is calculated using the following formula:

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

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

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

4.3 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.

4.4 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.

5. 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.

5.1 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 4.

Table 4.1: 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	1 – 3	89	69.5

dependents	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 4.1, 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 4.2, 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.

5.2 Covid-19 and Small and Medium Scale Enterprises

5.2.1 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. The mean and standard deviation score are used to compare the responses for each individual statement in this analysis. The degree of agreement or disagreement of the respondent for each statement is also analyzed by combining the strongly agree and agree responses into one positive response (i.e. Agree), the strongly disagree and disagree responses into one negative response (i.e. disagree), and the neutral response is take 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 5.2.

Table 5.2: 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.

5.2.2 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. The mean and standard deviation scores were used to compare the participants' responses to each given statement. The degree of agreement or disagreement of the respondent for each statement is also analyzed by combining the strongly agree and agree responses into one positive

response (i.e. Agree), the strongly disagree and disagree responses into one negative response (i.e. disagree), and the neutral response is left alone.

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 4.3

Table 5.3: 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.

5.2.3 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. Using the mean and standard deviation score, we compared the participants' responses to each specific statement. The degree of agreement or disagreement of the respondent for each statement is also examined by combining the strongly agree and agree responses into one positive response (i.e. Agree), and the strongly disagree and disagree responses into one negative response (i.e. disagree), with the neutral response remaining unchanged.

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 5.4

Table 5.4: 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.

Limitation of Study: This study is limited in its population. Ose market was chosen because of the cost implication to represent the target population

6. 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 Ose Market 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), a mean score of less than 3.39 is regarded low, a mean score of 3.40 to 3.79 is considered moderate, and a mean score of more than 3.8 is considered 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.

Consent

As per international standard or university standard, **respondents' written** consent has been collected and preserved by the author(s).

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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

	item	SA	A	SD	D	N
17	I changed line of business in order to survive					
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					

