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Examining the Impact of Covid-19 on the Performance of the Informal Sector Businesses in the Town of Eenhana Ohangwena Region Namibia

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Abstract: The aim of this study was to examine the impact of COVID-19 on the performance of the informal sector businesses in the town of Eenhana, Ohangwena Region in Namibia. The study adopted the mixed methods approach for data collection and analysis. Quantitative data was collected using a questionnaire. The qualitative data was collected using an interview guide with non-structured questions. Ninety-six respondents involved in the survey were sampled through the convenience sampling method. Nine respondents to the interview were selected through purposive sampling. Findings of this study show that COVID-19 had, in most instances, a negative impact on the performance of the informal sector businesses in the town of Eenhana. Informal businesses suffered major decreases in revenue and profits. There was also loss of employment and livelihoods. While some informal businesses have found ways of coping, many have not yet recovered to pre- COVID-19 period levels. The major impact was attributed to lockdowns, the physical attributes of the town, social distancing requirements and imposition of curfews. The study recommends that informal sector businesses should be adaptive to the changing business environment, pandemic or no pandemic. Post COVID-19, it is recommended that the informal sector builds resilience to pandemic shocks. The government should be proactive in putting measures in place to reduce the impact of pandemics in informal market places. This includes developing and disseminating sector- and occupation-specific health guidelines; rapidly extending social health protection and adjusting existing social protection schemes to guarantee access to affordable health care; compensation for loss of income via different programs, including unemployment benefits, food support, universal pensions, child benefits, social assistance programs, and one-off payments. It should also implement measures to maintain informal employment through schemes such as grants, subsidised loans, grace periods on outstanding loans and debt rescheduling aimed at overcoming liquidity crunches, and waivers or deferred payments for public services.

Keywords: *Impact, Covid-19, Performance; Informal Sector*

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I. INTRODUCTION

From the time of the outbreak of COVID-19 in the town of Wuhan in the Hubei Province of China, to the present, the international economic outlook has been characterised by uncertainty (Sumatra, 2020). The immediate response on the international economic front was for G7 Finance Ministers, the World Bank, and the IMF to come out with a unanimous statement essentially undertaking that they would be closely monitoring the risk and reaffirming a commitment to use all appropriate policy tools to counter the economic effects of the pandemic (World Bank Report, 2020). However, the statement was pretty short in the way of specific actions, such as economic and regulatory guidelines (April 2021).

The African Union advised that considerations should include the impact on the economy, security, mental health and psychosocial well-being, human rights, food security, continuity of health and public health programs, treatment and management of conditions other than COVID-19 (AU

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Publication on COVID-19; 2020). In Namibia, the immediate response by the government was to put in place a raft of restrictive regulations governing all forms of social interaction. These restrictions included, lockdowns, limited business operating hours, curfews, and restrictions on the sale of alcohol which were announced in the Presidential Proclamation (No. 1, 2020)

From the global outlook, Bertrand (2021) points out that COVID-19 led to massive business closures due to disruptions of supply chains. This view is shared by Eveline et al. (2021) who argue that the lockdown and stay at home policies adopted in Namibia

led to a partial operation of informal businesses. Simone (2021) asserts that survivalist livelihoods in South Africa were undermined by the disruption to the informal sector. This phenomenological case study, therefore, seeks to explore the views of Eenhana informal traders concerning the impact of the pandemic on their business operations. According to Groenewald (2019) the phenomenological aspect focuses on examining the essence of an experience (phenomenon), whereas the case study looks to deeply describe and analyses a bounded case or multiple cases (bound in time and place).

The phenomenological aspect involves several participants who have each experienced the phenomenon of being informal traders during the COVID-19 pandemic period and the case study deals with the town of Eenhana as the physical boundary of the study. Eenhana is the Regional capital of the Ohangwena Region and an important commercial hub of the northern regions of Namibia. Accessibility to the researcher was also taken into consideration in the choice of the site of the research.

II. BACKGROUND TO THE STUDY

While much is documented about the informal sector businesses in the developed countries, obtaining accurate statistics about the informal economy has become one of the most daunting challenges in most developing countries (Blackburn, Bose & Capaso, 2012; Capaso & Jappelli, 2013), especially examining the pain they felt at the times of big crises such as pandemics. Blackburn et al. (2012) argues that even if the pandemic caused heavy blows to society as a whole, it would hit the informal workers disproportionately. For example, the street vendors mainly work in the services sector, are usually self-employed or informally employed without social insurance, and are mainly in micro and family enterprises. Measuring the size of the informal economy accurately and examining the impact that they felt is still important for making effective economic policy decisions.

Closer to home, a case in point is Johannesburg, South Africa's economic hub boasting the biggest population size, in which informal transport operators suffered income losses due to lockdown regulations that prevented the mobility of people and goods (Otieno et al., 2020). In the City of Tshwane, the prohibition of informal economic activities as a result of stringent lockdown regulations also resulted in an abrupt disruption and loss of income amongst roadside vendors, domestic workers, gardeners and spaza shops operators (Nyashanu et al., 2020). In a similar trajectory, lockdown restrictions also caused profound socioeconomic impacts on informal street traders in the eThekwini (Durban) Metropolitan, (Women in Informal Employment Global and Organising, WIEGO, 2021).

It is approximated that around 97% of informal street traders, 95% of informal market traders and 74% of waste pickers suffered massive income losses at the initial phase of the lockdown restrictions which started in April 2020 (WIEGO, 2021). Despite the relaxation of lockdown regulations around July 2020 by the South African government to allow economic activities, informal street traders in the informal economy of the eThekwini Metropolitan failed to recover and return to their pre-lockdown income levels (Khambule, 2020; WIEGO, 2021).

On the Namibian situation the Munich Personal RePEc Archive (MPRA) paper presented the Namibian situation as follows: According to the 2018 Namibia Labour

Force Survey, released in 2019, the unemployment rate in Namibia stood at 33.4% and that 418,674 Namibians were employed in the informal business sector (Namibia Statistics Agency (NSA), 2017). Besides job creation, the informal business sector was hugely important to the country's economy and many households' dependence on the informal sector cannot be emphasised enough. The sector was not spared from the adverse effects of COVID-19. The COVID-19 pandemic and precautionary measures advised by the government to contain the deadly virus came with negative impacts on the informal business sector. Precautionary measures such as quarantines and stay-at- home orders (also referred to as lockdown), for instance, mean customers would avoid crowded markets and consequently, the demand for their goods would decline and stocked goods might go to waste. Moreover, jobs and income losses were likely to be severe, mainly because there is no job security in the sector.

This had dire knock-on effects on poverty in poor communities, where the informal sector often provided people with a tenuous grip on survivalist livelihoods. On the 2nd of April 2020, the government through the Ministry of Finance launched an Economic Stimulus and Relief Package totaling N$ 8.1 billion in response to the COVID-19 containment measures that were put in place. The stimulus was linked to supporting job retention in the formal sector, tax relief, new lines of credit and enterprise grants which spoke largely to formal enterprises and formal workers.

There is, however, little in this intervention that spoke to the citizens who ran non-VAT registered businesses in the informal business enterprises. One would assume that; they would benefit from the proposed household 'Emergency Income Grant (EIG)'- a once off N$750.00 meant to support people who had lost their sources of income either in the formal or informal employment sector. Those unprecedented efforts by the government were however commendable, for they provided real relief and a measure of security to poor

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households through what is currently expected to be the worst phase of the pandemic and its knock-on poverty impacts. However, there was still uncertainty on whether the N$250.00 a week would sustain people who for instance, would make N$1,000.00 a week, and have made financial commitments such as rentals, food and other essential needs.

A critical concern is that post lockdown recovery strategies had not yet been communicated. The informal businesses would need starting up capital to get back into business, should the situation get back to normal. A post-lockdown strategy from the government would thus be needed. Failure to secure and implement one might lead to an economic collapse and, in all probability, to social unrest as unemployment surges. Amid all these uncertainties and straight-out calamities, this study sought to examine the impact of COVID-19 on the performance of the informal business sector in the town of Eenhana, Ohangwena Region.

III. RESEARCH METHODS

Research methods are the various procedures, schemes, algorithms, used in research (Maree, 2016). All the methods used by a researcher during a research study are termed as research methods. According to Bless and Higson-Smith (2020) research methods are essentially, planned, scientific and value-neutral. They include theoretical procedures, experimental studies, numerical schemes, statistical approaches, and many others. Research methods help us collect samples of data. The study employed the mixed methods approach and within the mixed methods approach used questionnaires to collect numerical data and open-ended interviews to gather qualitative data. The rationale is that the quantitative results provide a general picture of the research problem while the qualitative results refine, explain or extend the general picture (Cresswell & Plano Clark, 2019; Ivankova, Cresswell & Stick, 2006). The researcher started by collecting and analysing the quantitative data. The qualitative findings help explain the quantitative results obtained from the first phase. The sequential flow of the quantitative and qualitative phase in the form of (Quan→Qual).

IV. PRESENTATION OF QUANTITATIVE FINDINGS

A. Whether the Business Closed or Not Due to COVID-19 Pandemic

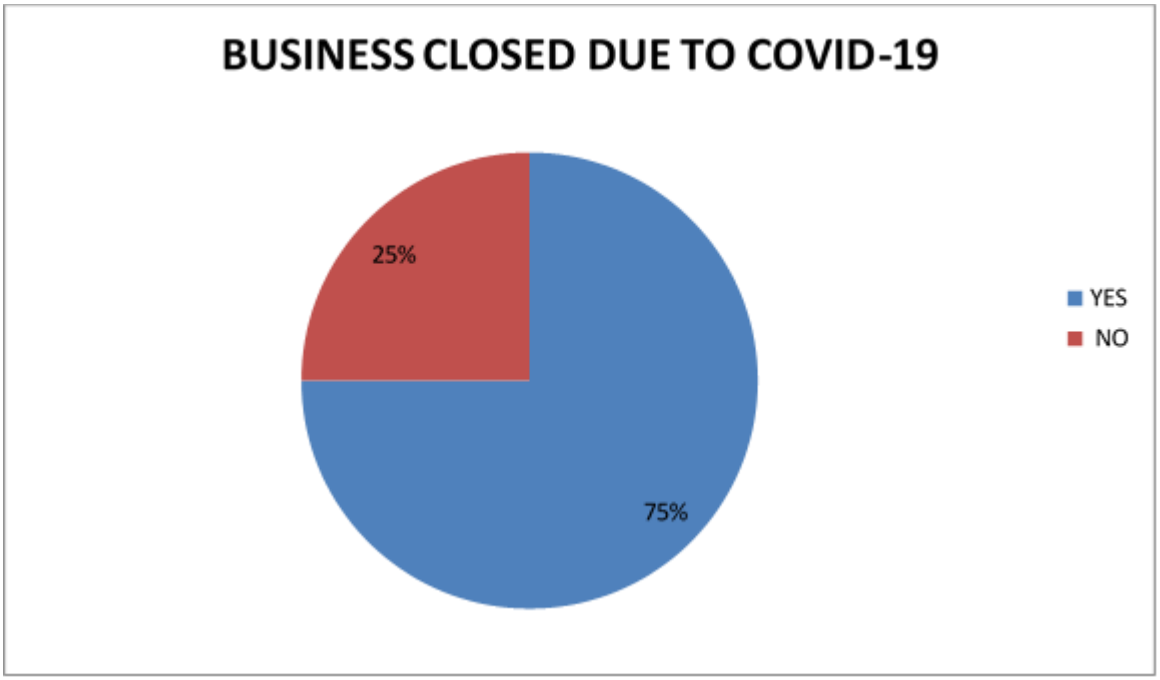

Fig 1: State of business closures during COVID-19 period

Figure 1 shows that 72 out of 96 respondents indicated that their businesses completely shut down during the pandemic period. That figure translates into 75% of the respondents leaving only 25% of those who said that their businesses did not close during the pandemic. There are various reasons some informal traders could have managed operating their businesses during the pandemic period. The few who responded that they did not close during the pandemic could have been operating from home or using various online trading platforms. So, the majority of informal traders had no source of income during the pandemic period.

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B. Duration of the Closure

Table 1. Duration of Business Closures

Duration of Closure	Number of Responded	Percentages
Zero period	25	26%
Less than 4 weeks	48	50%
More than 4 weeks	23	24%

Table 1-illustrates the duration of closure experienced by the individual respondents. These are in 3 categories namely: zero period, less than 4 weeks and more than 4weeks. The highest period experienced was in the region of 4 weeks which was experienced by 50% of the participants. 26% of the participants said that their businesses did not experience any closure and 24% indicated that experienced over 4 weeks of business closure during the pandemic. The highest number of respondents of 50% who experienced the closure for less than 4 weeks could be an indication that the severe COVID-19 shock period was less than a month long and after that traders were adjusting to living with the pandemic.

C. Level of Revenue Losses During Pandemic

Table 2. Level of Losses Resulting from Business Closures

Loss level	Total Number of Respondents	Percentage
Less than N$ 3 000	18	19%
N$ 3 000-5 000	36	38%
N$5 000-10 000	20	21%
Above N$10 000	22	23%

Table 2. Illustrates the level of losses perceived by the respondents. The loss levels were highest at N$ 3 000.00 - 5 000.00 dollars which was 38% of the respondents and the lowest was at less than N$ 3000.00 which was 19%. The results indicate that the majority of informal sector operators suffered losses due to COVID-19. The loss level of N$3 000.00-N$5000.00 was in line with what the informal traders perceived to be the averages for trading per month. While these figures of perceived loss levels, they show the incomes of informal traders per month are generally low.

D. Sources of Post- Covid Recapitalisation

Table 3. Sources of Finances for Post-COVID-19 Recapitalisation

Source of Recapitalisation	Total Number of Respondents	
Business account	35	36%
Left over stock	15	16%
Cash loan	23	24%
From Family	21	22%

Table 3. illustrates the sources of money, for re-capitalization after the pandemic was at 36% of the respondents said that they would re-capitalise their businesses from their business accounts, while 24% said that they would borrow from cash loans to recapitalize their businesses. Twenty-two percent (22%) were going to source financing from family members. 16% of the respondents said that they would re-start their trading from left-over stock. The above responses among other things demonstrate that informal traders did not expect any assistance from the government, nor did they expect any ready help from financial institutions.

E. 2021 and 2022 Comparison Change

All respondents expressed that there is a visible change from 2021-2022 in the performance of their businesses

Table 4: Reasons for Changes

Household Emergency Grant	Number of Respondents	Percentage
Operational hours not enough	10	10.4%
Cash improves	15	15.6%
Taxis maximum loads	8	8.3%
Customers willing more support	25	26.0%
Taxis fares won’t increase	7	7.3%
More movement increase sales	20	20.8%

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Income will change	11	11.5%

F. Comparison 2021 and 2022 Trading Trends

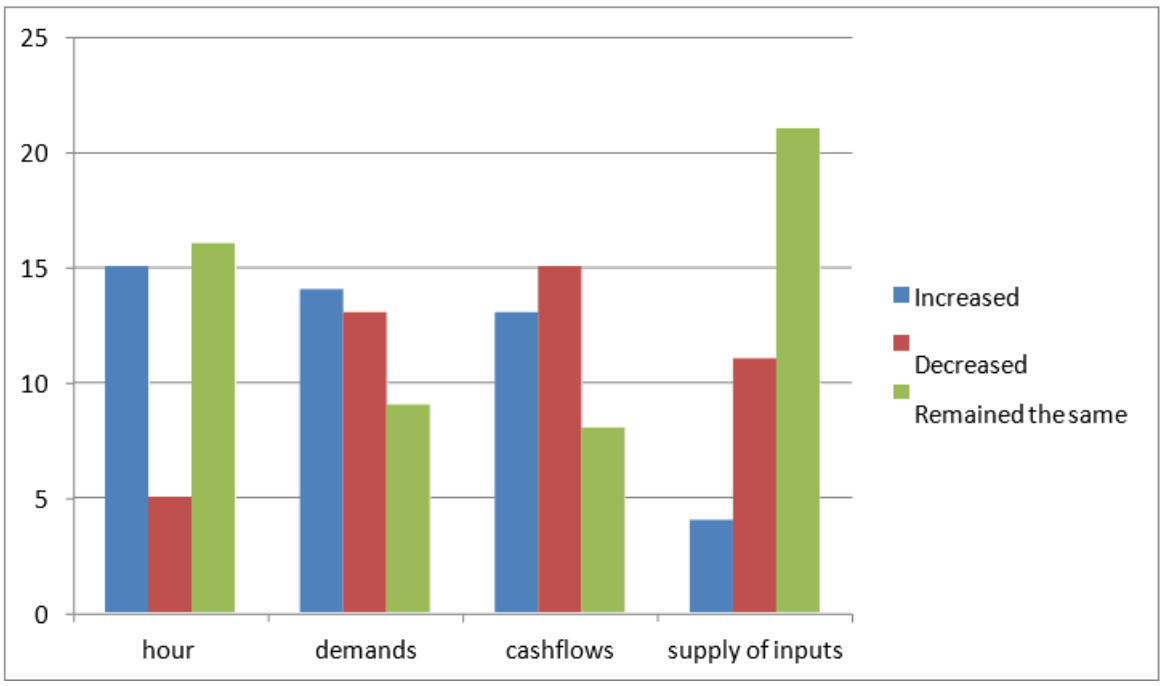

Fig 2. Comparison of trading trends between 2021 and 2022

Figure 2: shows the trends of increase, decrease and consistence in variables of time, demand level, cash flows and supplies of inputs when comparing 2021 and 2022. On the hours worked per week it shows that 40% of the respondents said there was increase in the operating hours, while 20% said there was a decrease and 40% considered the hours to have remained the same. Demand was seen as having been mainly constant between 2021 and 2022. There was a slight change on the cash flows of 2021 and 2022. The supply of inputs was very much changed between the two years.

G. Proposed Policy Interventions

Table 5. Proposed policy interventions

Most Need Support Policies	Number of Respondents	Percentages of Respondents
Cash transfer	53	55%
Deferral of rent	0	0
Deferral of credit payment	7	7%
Access to new credits	16	17%
Loan subsidies	20	21%
Fiscal exemption	0	0
Tax deferral	0	0
Wage subsidies	0	0

➢ *Most Needed Support Policies According to the Respondents were Tabulated as Follows:*

Table 5. Presents the proposed policy interventions for dealing with pandemic effects. The most required support policies were illustrated as follows: cash transfers at 55%, followed by loan subsidies at 21%, access to new credit at 16% and deferral credit payment at 7%. None of the respondents indicated the wish for deferral rent, fiscal exemption, tax deferral and wage subsidies. The scenario shown by the table above is that informal traders' major concern is with cash for trading purposes which was represented by 55% of the respondents. Other preferred interventions were loan subsidies at 21%, access to new credits at 17% and deferral credit payments at 7%. The picture portrayed by the above policy preferences is that informal traders are into cash business. Informal traders are not concerned with such issues as fiscal exemption, tax deferral and wage subsidies which are in the realm of formally registered businesses.

H. Government Support Situation

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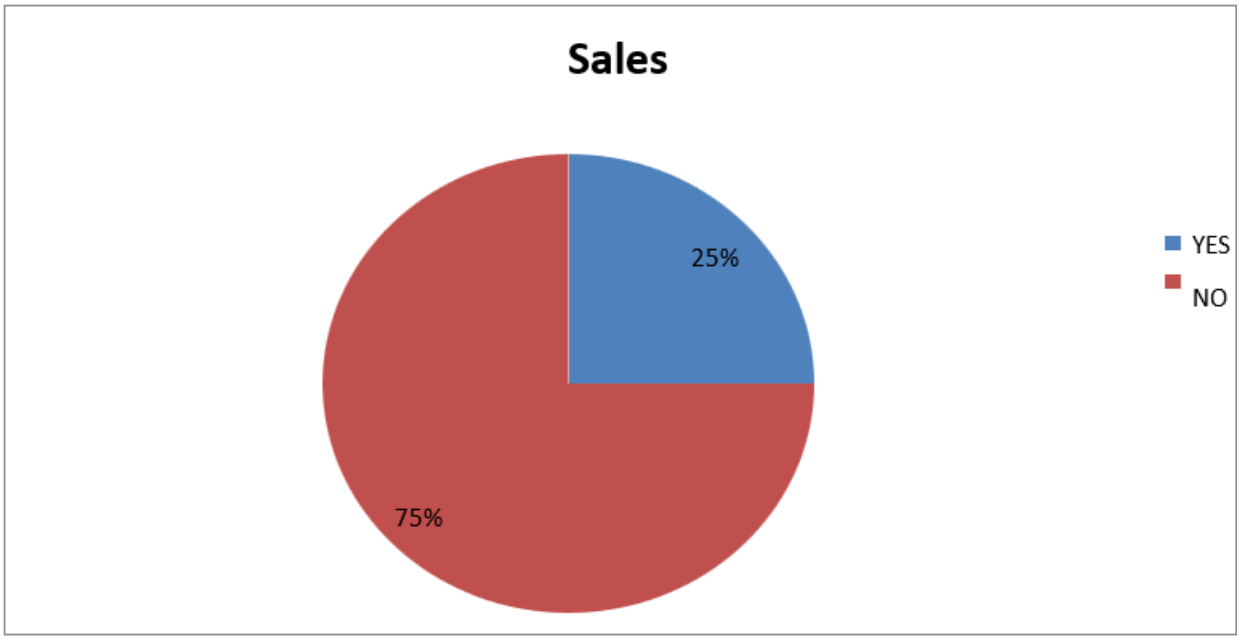

Fig 3: Level of government support

Figure 3 illustrates that the majority of informal traders did not receive any support from the government on the losses they incurred during the pandemic period. While 72 out of 96 respondents indicated that they did not receive any support only 24 showed that they did receive some support. The support being referred to could be the once off payment of N$750.00 household emergency grant paid out to the unemployed during the pandemic period. It could also be in the form of soft loans that were given through the Social Security Commission fund or even some loans that had government guarantees and were administered through commercial houses.

I. Reason for not Receiving Good Assistance

Table 6: Reasons for not receiving assistance during the COVID-19 pandemic period

Reason for not receiving good assistance	Number of respondents	Percentage of respondents
Was not aware	33	34%
Too difficult to apply	8	8%
I am not eligible	5	5%
I have applied but no response	30	31%
No reason given	20	21%

Table 6 illustrates the reasons given for failure to receive government assistance in response to the COVID-19 pandemic effects. 33 respondents who represented 34% of the participants said they were not aware that there existed opportunities for receiving financial support from the government. 31% respondents said that they had applied but received no response to their applications. According to 21% of the respondents no reasons were given for not receiving assistance by government. 8% said that the application process was too complicated for them, while 5% of the respondents said that they were not eligible for assistance.

J. Business Model Change

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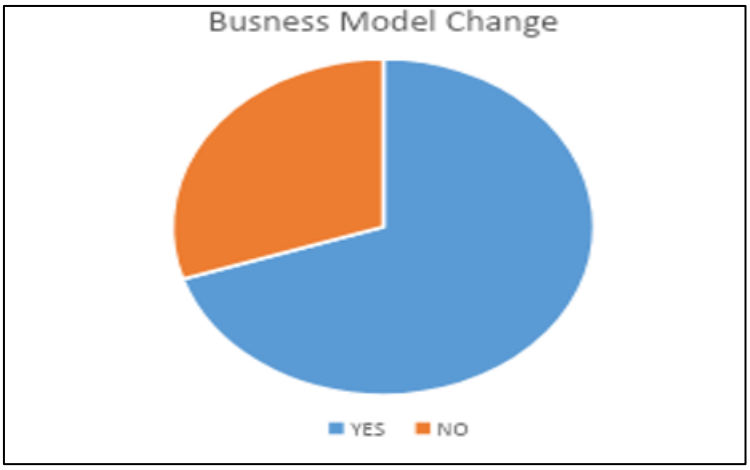

Fig 4. Business model change

Figure 4. Illustrates that that COVID-19 had an impact on the business models of most informal traders. 75% of the traders indicated that they had changed their business models due to effects of COVID-19. Only 25% had not yet changed their business model. Some of the business models that were adopted by informal traders were cell phone marketing, online sales and product switching

K. Changes in Business Model Post-Covid

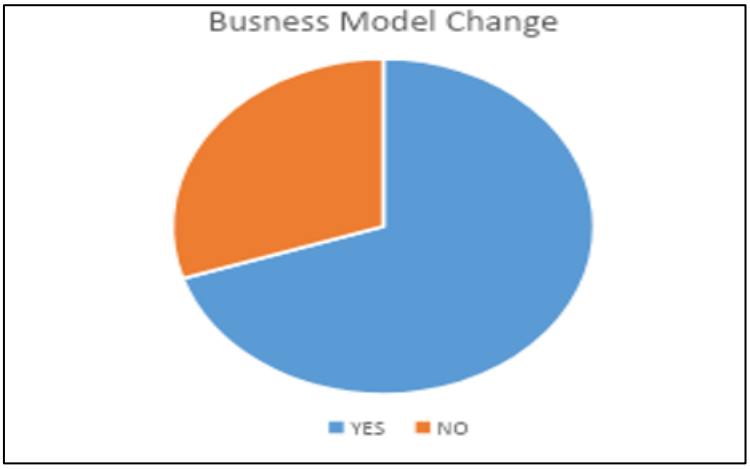

Fig 5 Post-Covid pandemic model change

Figure 5 illustrates that the informal traders adopted various innovative measures to deal with the effects of COVID-19 pandemic. Cell phone marketing was highest with 45 responses. Online marketing was adopted by 32 respondents. 3 respondents switched from their original line of trade to an alternative that was considered more viable at such a time. 16 chose changes that were not within the specified options. The responses illustrate that during pandemic times, informal traders do put in place adaptation measures some of which are: online selling, cell phone marketing, and product switching.

L. Performance Level

Table 7. Impacts of Different Interventions on Performance of Informal Businesses

Performance Level	Very Poor	Poor	Average	Good	Excellent
Access to finance	38	8	6	14	22
Training on hygienic handling of products	16	0	26	28	18
Encouraging informal business to formally register	20	14	24	18	14
Distribution of free detergents to informal traders	16	18	20	22	22
Setting up organized trading stalls	26	20	10	24	14
Enforcing maintenances of sanitary standards	10	4	4	10	68

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Table 7. illustrates the perception level on various aspects of trading during the pandemic period. On access to financing during the pandemic period there was polarization of opinions. While 38 out of 96 respondents indicated that access to finance was very poor, 22 respondents said financing was excellent. A total of 28 respondents were spread among poor support, average and good support. 72 out of 96 respondents considered training of hygienic handling of products as having been average-to- excellent. Only 16 respondents said the training on hygienic handling of products was poorly carried out. On the encouragement for informal traders to register their businesses the responses were fairly evenly spread out among very poor and excellent with average registering the highest level of 24 responses.

Similarly, with encouragement for formalisation of businesses was distribution of detergents being distributed average among very poor, poor, average, good and excellent. The setting up of organized trading stalls was not highly rated with 26 respondents rating it very poor, 20 saying it was poorly and 10 giving it an average rating. 24 rated it good while only 14 rated it excellent. On the enforcement of sanitary standards 68 respondents considered it as having been excellent. The very poor and good ratings were given 10 each while poor and good were given 4 each. The overall picture given by these ratings reveal that the informal traders are giving the message that enforcement of regulations seemed to be more paramount, while giving assistance on sustainability of the economic activities was not prioritised. Hence some of the respondents failed to rating.

V. SUMMARY OF FINDINGS FROM THE QUANTITATIVE APPROACH

The study sought to examine the impacts of the COVID-19 pandemic on the performance of the informal business sector in the town of Eenhana, in the Ohangwena region, of Namibia. A sample size of 96 participants were selected using convenience sampling. Of these 96 participants the ratio of female informal traders was 68% to that of males being 32%. The ages of the participants were between 20 and 60 with the greater concentration being at 39-49. The majority of traders had attained secondary level education and about 60% had been in informal trading for between 5 years and 10 years. 79% had less than 5 employees.

There were 9 sectors in which they operated with a greater concentration being in transport and clothing. 85% of the participants were full time informal traders. 52% of these informal traders made a monthly income of only N$3 000.00. 75% indicated that their businesses closed for some time due to COVID-19, with 52% indicating that they closed for a period approximately 4 weeks. Losses of between N$1 000.00 and N$20 000.00 were incurred during the business closures.

Various sources of re-capitalisation after the pandemic were mentioned with withdrawals from the personal business account being the main source. All the respondents were unanimous in pointing out that there was a visible change in the modes of operation during the pandemic period. Some of these changes were necessitated by changes in the operation hours, curfews, social distancing, changes income levels and changes in cash-flow levels. From the pre-pandemic period to the post-pandemic period there were noticeable changes in the demand levels of consumer products. However, the inputs were constant at 42%.

Qualitative Findings

Demographic features of the participants

Table 8, below profiles participants purposively selected for in-depth interviews.

Table 8: Demographic profile of informal traders

Participant	Age	Gender	Educational Qualifications	Work Designation	Years of Work Experience
1	41-50	Female	Undergraduate diploma	Manager employee	6-10 years
2	41-50	Female	Bachelor's degree	Manager/employee	6-10 years
3	31-40	Male	Master's degree	Manager/employee	5 years or less
4	41-50	Male	Undergraduate diploma	Owner/manager	10 years or more
5	51-60	Male	Primary education	Owner/manager	10 years or more
6	31-40	Female	Primary education	Owner/manager	5 years or less
7	41-50	Male	Bachelor's degree	Manager/employee	10 years or more
8	31-40	Female	Bachelor's degree	Manager/employee	6-10 years

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9	41-50	Female	Secondary education	Owner/ manager	10 years or more

Source: Author's compilation from field data

The 9 participants in this research comprised 5 females and 4 males, which demonstrates gender balance in the selection of participants. Of these 9 participants, 3 were graduates holding Bachelor's Degrees, 4 had diplomas. Only 2 participants had Grade 12. Nine (8) participants were owner-managers and only one employee was employed as a manager. Seven of the participants had less than 5 years in business so can be viewed as having moderate business experience. Only 2 participants had between 5- and 10-years' experience in business. The ages of the participants varied between 25 and 41 with 6 being above 31 years old. So, the participants in the study were middle-aged business people with an average of 5 years' experience in running businesses. Company profiles of SMEs that participated in the studying terms of baseline information, years of existence, number of employees, annual turnover and ownership status in Table 9 below:

Table 9 Company profile of participants

Participant	Responsibilities	Years of Experience	Number of Employees	Business Annual Turnover(N$)	Ownership Structure
1	Employee/manager	3-5	1-5	30000-50000	Locally owned
2	Employee/Manager	3-5 years	5-10	Less than 30000.00	Locally owned
3	Owner/manager	3-5 years	1-5	Less than 30000	Locally owned
4	Owner/manager	9-11 years	1-5	70000-90000	Cc
5	Owner/manager	9-11 years	5-10	30000-50000	Pty(ltd)

Source: Author's compilation from field data

Table 9, indicates that 9 participants were interviewed. These were individuals who were either suppliers of products to informal traders or managers of wholesaling shops from whom informal traders ordered their products. Of these 9 participants 5 were employee/managers, while 4 were owner/managers. Experience in management varied from 5-13 years. Six (6) of these companies employed 1-5 individuals while 3 had 5-10 employees. These were all relatively small suppliers with annual turnovers between N$30 000.00 and N$100 000.00.

All the companies were locally owned entities registered as Closed Corporations or Proprietary limited companies. All the 9 enterprises were reported as locally owned. These findings show that the study participants were well acquainted with informal business operations, hence they could provide the researcher with necessary information to contextualize the findings and to formulate appropriate recommendations

VI. RECOMMENDATIONS

Based on the findings of the research, various stakeholders are identified and recommendations are made to improve the resilience of the informal sector during pandemic outbreaks. These recommendations are presented under categories in line with the four objectives of the study.

- The acknowledgement of the fact that COVID-19 had a negative effect on informal traders in the town of Eenhana, should give a challenge to both central and local government to be always alert to the fact that there is need to put in place contingency plans to assist businesses whether formal or informal to deal effectively with such eventualities. The advent of COVID-19 served as a wake-up call for informal traders to keep savings that would cover them during difficult times.
- The fact that some sectors proved to be more vulnerable than others, demonstrates the need for informal traders to be innovative in times of challenges to their businesses. While some traders demonstrated this resilience and adaptation, it should be noted that others became casualties to the effects of the COVID-19 pandemic.
- Local authorities, in particular should take note of the fact that provision of clean surroundings and sanitary habits to the public at all times is of importance to ensure that there are no panic clean-ups when the health danger has already arrived. Communication in general and knowledge exposure to alternative survival skills such as use of internet, cell phone marketing, and online trading are of critical importance to modern business operations.
- The government should not play the role of a detached observer leaving the informal traders to sink or swim according to their individual strength or weaknesses. Such proactive measures as interventions targeted to informal workers as including: developing and disseminating sector- and occupation- specific health guidelines; rapidly extending social health protection and adjusting existing social protection schemes to guarantee access to affordable health care. Also, compensation for loss of income via different programs, including unemployment benefits, food support, universal pensions, child benefits, social assistance programs, and one-off payments. Furthermore, implementing measures to maintain informal employment (e.g., grants, subsidised loans, grace periods on outstanding loans and debt rescheduling aimed at overcoming liquidity crunches would also help in times

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of crises. Last but not least, waivers or deferred payments for public services); and funding hospitalisation, child care support, and food distribution when needed would help cushion informal traders from the effects of crises such as the one brought upon the world by COVID-19.

VII. RECOMMENDATIONS FOR FUTURE RESEARCH

Based on the findings, further research is recommended in respect of the following:

- There exists a need to explore the impact of government regulations on businesses performance during periods of pandemics.
- Furthermore, it would be of necessity to research on the role of central government on the performance of businesses during pandemic periods.
- Finally, it is important to understand the underlying issues that affect the business revival trajectories of informal sector businesses during pandemic periods.

VIII. CONCLUSION

The findings of this research highlight several major factors that significantly influenced the informal business sector in Eenhana, Namibia, during the COVID-19 pandemic. These include lockdown measures, hygiene protocols, the town's infrastructure, social distancing guidelines, and enforced curfews. The perspectives shared by interviewees and survey participants align with earlier academic discussions on the topic.

Zaidy (2020) emphasizes that pandemics disrupt both the supply and demand aspects of the economy, with informal enterprises being particularly vulnerable. Pedauga et al. (2020) support this view, noting that workforce availability declined as employees became ill or were forced to stay home due to school closures and restricted mobility. Measures such as lockdowns and quarantines further decreased operational efficiency and interrupted supply chains, resulting in material shortages.

On the demand front, Secinar et al. (2020) report that informal businesses experienced sharp declines in revenue and cash flow, making it difficult for them to remain operational. Economic instability, fear of infection, and job losses led consumers to reduce spending significantly.

Vaartz (2020) adds that job cuts and delayed salary payments worsened the situation, especially in industries like tourism and transport. Informal businesses were hit harder than formal ones due to their limited capacity to adapt to social distancing requirements.

Participants in this study echoed similar concerns, which are also reflected in the work of April (2021), who suggests that the pandemic may have had knock-on effects on financial markets by lowering investor confidence and tightening credit access. Although global studies have examined the broader economic consequences of COVID-19, this research specifically compared its impact on the formal and informal sectors. As Fairline (2020) points out, many businesses closed due to health regulations, decreased demand, or financial stress—and some of these closures may become permanent. The informal sector, often lacking resilience and financial buffers, faced even greater challenges.

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