

Prospects And Possibilities To Spur Productivity In The Informal Economy Of Nigeria

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Abstract: *More than 20 million Nigerians and their families are left without food because they are unemployed, have no source of income, and are suffering from rising food prices, insecurity, and a lack of any kind of government assistance. The informal economy is the easiest sector that helps with apprenticeship training and entrepreneurship that takes citizens out of unemployment due to its low entry requirements. Consequently, it is anticipated that promoting small-scale firms in the Informal economy will spring forth indigenous processes that will foster the growth of local technology, skills and employment. Sadly, the informal sector has met with minimal success due to several enduring issues that have plagued the sector's productivity growth. The research aims to study Nigeria's informal economy's productivity and its human capital development, the key issues and challenges faced by the sector. The survey research method was incorporated to capture the responses of 100 informal workers cut across informal sectors, through a face-to-face interview to aid in a basic understanding of the informal sector, its role in output and the challenges they face as an unrecognized sector. The study was supported by existing data from the National Bureau of Statistics, ILO, IMF and many more. The overall result of the survey was not impressive, as there are daunting issues which the government are yet to fix. Our findings indicate that the problems obstructing the productivity improvement of the informal economy of Nigeria span from financial support, human capital development, digitalization, infrastructural facilities, training and many more. Finally, the study recommended applicable strategies to spur the productivity of the informal economy, this can be achieved if followed strictly.*

Keywords: *Informal economy, productivity, Nigeria, unemployment, government*

1. INTRODUCTION

The COVID-19 pandemic has brought negative economic consequences in the form of job losses, threatened the sustainability of firms and depressed growth in GDP. Nigeria has the challenge of a large informal sector that is most vulnerable to the effects of the pandemic. Nigeria's informal sector is also the employer of the largest number of labour in the economy. Considering the ongoing economic and financial crisis that characterizes the economies of many African countries, including Nigeria, the informal sector has the potential to provide the needed impetus for employment generation. The sector is expected to serve as a viable mechanism for the creation of jobs for both rural and teaming urban populations in Nigeria. This has been the case in Nigeria over the years. Employment in the Nigerian informal sector is characterized by variable hours of work over some time, due to a lack of contractual relationships in the sector, as well as the prevalence of self-employment and home-based family workers. It, therefore, appears an average worker in the Nigerian informal sector suffers from a significant degree of under-employment. The result is a differential in the average earnings between the formal and informal sectors. The informal economy workers include small-scale manufacturers, services providers (like furniture makers, chefs, and fashion designers) farmers, small business owners (like street traders, and market traders) and so on. Many groups in the informal economy have unique requirements or encounter significant obstacles when trying to gain the skills necessary to maximize their potential for productivity. When it comes to getting access to education and training, women frequently find themselves at a distinct disadvantage.

A Fifty billion MSME loan package supported by the Central Bank of Nigeria (CBN) was announced during the lockdown in May 2020, the ability of the majority of informal workers to apply for these schemes is severely constrained because the application procedures are not only overtly digitalized, but also opaque, time-consuming, and cumbersome. Due to the Covid -19 containment

measures, only a very small number of informal workers, who were undoubtedly the most traumatized group of local producers, were able to access these "interventions" while also having to deal with the worst aspects of the new regime's rising costs for social services, fuel and electricity, food, and essential consumer goods. Failure to pay attention to the needs of the informal sector will worsen what is already a precarious economic situation for Nigeria grappling with high unemployment and poverty rates. The National Bureau of Statistics (NBS) report in 2019 put Nigeria's unemployment rate at 23.1 per cent and half of Nigeria's population currently lives below the poverty line (\$381.75).

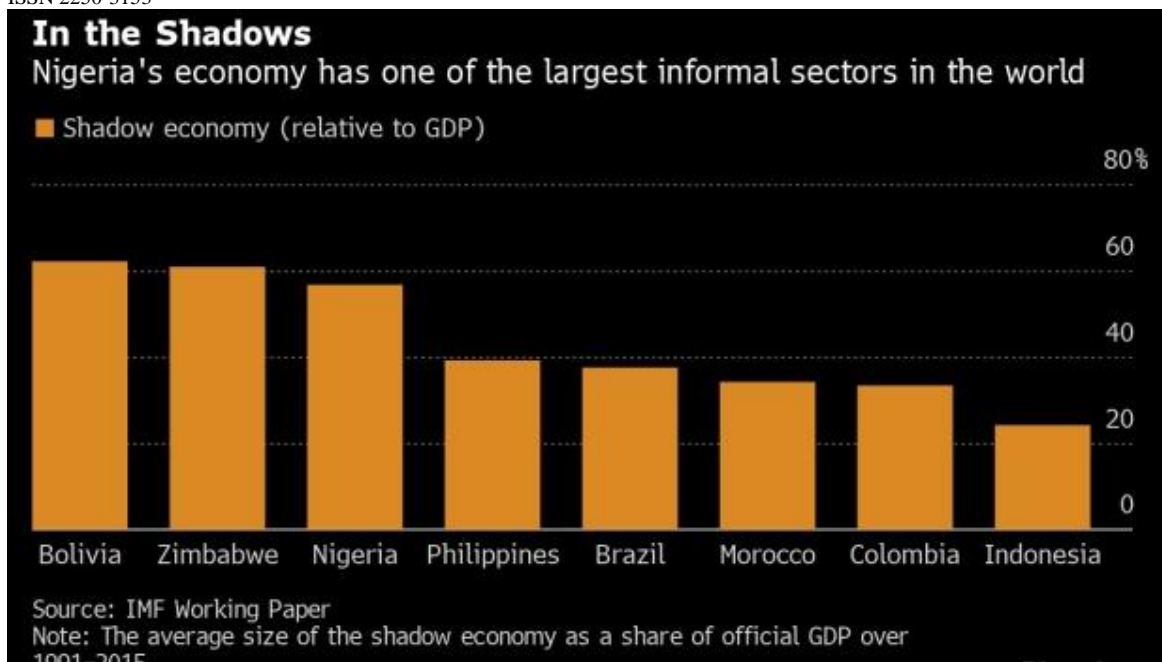
Notwithstanding the growth of interest globally, there seems to be a dearth of research work on the specific size, data and overall contribution of the informal sector of Nigeria. Except for Friedrich, and Schneider who have both made a remarkable research impact on the informal economy, we, therefore, postulate that most of the studies on the informal economy of Nigeria are theoretical reviews or descriptive analyses of the sector which do not have enough data to prove certain issues. Using the existing literature on informal economies, data from the National Bureau of Statistics (NBS) and a field survey which was specifically obtained for this study. The paper examines Nigeria's informal economy's productivity and the human capital development's key issues and challenges faced by the sector are the main goals of this study. The research aims to provide an overview of the informal economy's size utilizing prior data that were available at the time of the research, despite the lack of current statistics on its size. Although the informal sector is a huge contributor to national economies the government policy continues to be inadequate in this area. This study emphasizes the need for policies or programs that recognize the importance of the informal sector in Nigeria to spur productivity. To address the issue of the informal economy's low productivity in Nigeria, this article will highlight numerous ways in which the operations of the informal sector might be improved. The paper is organized into five sections, the first is the introduction; the second part is synthesizing Productivity in the Nigeria Informal Economy. The third part is the methodological and discussion of the survey, the fourth is the recommendation of the key strategies to spur productivity in the informal economy and the fifth is the conclusion.

1.1 Nigerian Informal Economy

In a very general term, Becker (2004) defines the informal sector as the unregulated, non-formal portion of the market economy that produced goods and services for sale or other forms of remuneration. The simple definition of the informal economy is "...a varied variety of economic activities, enterprises, jobs, and people that are not regulated or protected by the state." At first, the concept was applied to small, unregistered enterprises where employees worked for themselves. Now, it also includes paid work in non-protected positions. It is common to label the informal economy as "illegal," "underground," "black market," or "grey market." It is frequently referred to as the "shadow economy" and is considered to be unlawful or unethical activities. However, this generalization is incorrect. The majority of informal workers struggle mightily to make an honest living. Many people labour in public settings and significantly improve communities and economies rather than operating covertly, Martha Alter (2012). Another helpful definition of the informal sector in Nigeria is provided by the Nigeria Bureau of Statistics (NBS). The informal sector is also defined as one that "functions without binding regulations (but may or may not regulate itself internally) as well as one that operates under official norms but does not need the deliverance of official returns on its operation or process" (NBS, 2010)

It comprises people who work in unregistered or undeclared employment in formal enterprises, as well as people who work outside of unregistered or undeclared employment in informal companies (e.g., employers, own account operators, street vendors, unpaid family workers, apprentices, etc.). (Including domestic workers, casual or day labourers, industrial outworkers, homeworkers, etc.). The informal economy can be thought of as a continuum with lower productivity, more survivalist activity at one end (the working poor) and more dynamic higher productivity activities at the other (ILO, 2005). It's commonly claimed that the informal sector has a "woman's face," because, in the majority of countries, women account for between 60 to 80 per cent of all informal work. The majority of women work in low-productivity, lower-skill jobs (including food processing, garment sewing, and domestic services), and/or they are paid less for doing labour that is equivalent to or less valuable to their jobs than men. Men and women both face barriers to accessing resources, markets, and services in the informal economy, as well as those brought on by ineffective regulatory frameworks, but "women face additional gender-specific barriers, which include restrictions on entering into contracts, insecure land and property rights, and the constraints of household and childcare responsibilities," according to a study (ILO 2005).

1.2 Size of the Informal Economy



Sources: [bnnbloomberg](#)

The context is that the informal sector is a significant contributor to the Nigerian economy, accounting for a substantial portion of employment and national GDP. According to the International Monetary Fund (IMF), the informal sector accounts for approximately 65 per cent of economic activities in Nigeria. In sub-Saharan Africa, the informal sector contributes about 72 per cent to employment, excluding agriculture. When agriculture is included, it should put figures at around 90 per cent.

According to a recent World Bank survey, 80.4% of jobs in Nigeria were in the informal sector, compared to 10% in the formal sector and 9.6% in households. Men made up 78.8% of the workforce in the informal sector, 12.9% in the formal sector, and 8.3% in households. According Franziska Ohsorge et al (2021) survey, opined that in Nigeria, 82.1% of women work in the informal sector, 6.9% in the formal sector, and 11% are housewives. 90% of all MSMEs worldwide, or 285–345 million out of 365–445 million MSMEs in developing countries, are informal micro, small, and medium-sized businesses (MSME). Out of these informal MSMEs, 12-16% have access to credit but have financing challenges, whereas 70-78% lack access to credit and need credit. According to another survey by IFC, 55% of informal firms in developing nations, lack access to finance or lack the funding to expand (ILO, 2016)

1.3 The Informal Economy's Contribution

An enormous amount of employment and the country's GDP is generated by the Nigerian informal sector, which is a significant contributor to the country's economy. The IMF estimates that in 2017, the informal sector in Nigeria contributed 65% of the country's GDP, Leandro Medina et al (2017). However, the NBS calculations are a little more conservative, placing its projections at 41.4%. (NBS:2016). Whatever estimate we use, there is no doubt that the informal economy's contribution to the national economy is substantial. The majority of developing nations see the informal market as the main option for both graduates and out of school. It frequently offers both chances for skill development and a chance to create or make a living.

Regarding the contributions to national output, it has been noted that the informal sector, even in developing nations like Nigeria, where productivity is poor, makes up a sizeable portion of the Gross Domestic Product (GDP). Neglecting the requirements of the unorganized sector will exacerbate Nigeria's already fragile economic situation, which is characterized by high unemployment and poverty rates. The unemployment rate in Nigeria was 23.1 per cent according to the National Bureau of Statistics (NBS).

ILO Recommendation asserts that education and training have the power to fundamentally alter how business is conducted in the informal economy because members should identify human resources development, education, training, and lifelong learning policies that "address the challenge of transforming activities in the informal economy into decent work. It further opined that informal work that is fully integrated into mainstream economic life; policies and programmes should be developed to create decent jobs. The majority of informal businesses struggle with low productivity and poor product quality, in a large number of developing nations in Asia, Latin America, and Africa (ILO, 2005).

2. PRODUCTIVITY IN THE NIGERIA INFORMAL ECONOMY

In general, productivity gauges how well resources are used. The output or value added, divided by the amount of labour employed to produce the output is the simplest definition of labour productivity. Low productivity is one of the main characteristics of informality. As a result, Nigeria's economy is dominated by the informal sector, which means that the country's overall capacity for value creation

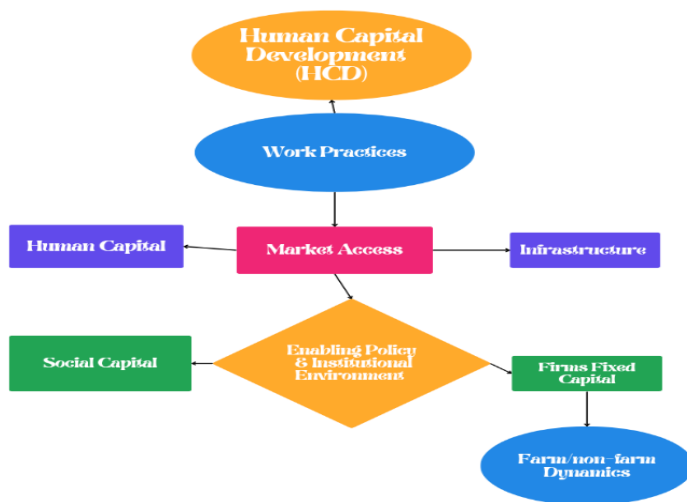
is limited. Unfortunately, contrary to what was anticipated during the oil boom of the 1970s, the informal sector has proven to be durable rather than deteriorating and giving way to more contemporary, established employment arrangements. A commentator asserts that a simple miraculous regulatory change won't make it go away. Its excessive size is a sign of economic weaknesses caused by low entrepreneurial capacities, low financial, technological, and human resources, as well as a poor institutional environment, which together result in low economic productivity. The majority of entrepreneurs in the informal economy are born out of necessity rather than an opportunity. Public policy should work toward enhancing each of these areas, but doing so requires patience and persistence, Surdej (2017)

There are various productivity metrics, and the decision between them depends on the goal of the assessment and/or the availability of data. Gross Domestic Product (GDP) per hour worked is one of the most popular productivity metrics. If the quantity of hours worked by more than 80% of the working population is divided by production, the Nigerian economy's productivity quotient would be very low indeed.

2.1 Human Capital Development

A major factor in productivity is the development of human capital, improvements in the following eight major (interrelated) areas are typically made to raise productivity in the informal economy:

Fig 2. Human Capital Development Drivers



Source: Author C.B Nzenwata

One of the important factors that determine how and for whom productivity growth leads to increased employment, better work in the informal economy, and migration from the informal to the formal economies is improvements in human capital via skill development, Palmer (2008). Making the transition from the informal to the formal sector easy for both employees and businesses is a cross-cutting strategy for increasing the informal economy's productivity. Palmer (2008) avers that many times, policymakers in developing nations prioritize formalization issues related to taxation and registration over easing the majority's access to traditional economic and social resources.

2.2 Human capital development in the informal economy; Key Issues and Challenges

i. Challenges facing policymakers: This includes aligning the goal of skill development with that of economic development, the provision of adequate work opportunities, and initiatives for reducing poverty. This includes tackling the issue of the enormous number of people employed in the informal economy, which is exacerbated by the diversity of informal businesses and employment.

ii. Challenges with coordination: Diverse institutions, including numerous ministries, non-governmental organizations (NGOs), and the commercial sector, supply skills for the informal economy frequently without proper strategic collaboration. For supplied skills to influence productivity, it is crucial to ensure that skill provision for the informal economy is integrated and in line with a national skills development policy. Employers must be prominently represented in coordinating councils or national training authorities (NTAs), which must be endowed with legitimate authority.

Targeting issues: Three general target categories within the informal economy can be identified to aid in program and project design: A) **Business** owners and employees of unofficial MSEs, this target audience is also highly diverse. Therefore, it is crucial to identify sub-groups including entrepreneurs, unpaid family workers, apprentices, and informal wage employees. B) **Programs** for skill development aimed at increasing the productivity of informal enterprises with a focus on sustenance vs expansion have different objectives. C) **Those employed** by non-formal businesses (including casual workers, home workers, domestic workers, casual or day laborer's, temporary or part-time workers, and industrial outworkers).

iv. Problems with the data: There is generally a dearth of information on technical and vocational education and training (TVET). When attempting to measure the relationship between productivity, skills, and the informal economy, the issue is exacerbated, Ashley (2008).

2.3 Low productivity and the vicious cycle of poverty

Most Nigerians (and/or their parents) inability to pay for proper education, skill development, and healthcare, for instance, lowers their (potential) productive capacity. Low productivity may result from an inefficiently planned work process caused by a lack of abilities. Due to their reduced income and lack of productive labour, they are unable to invest in more profitable companies or enhance the quality of their jobs, which in turn results in stagnant output. Because of the general lack of purchasing power of the population, low incomes are maintained in the informal economy, which limits the market's ability to grow. The markets in the informal economy can also become saturated or dispersed due to the large number of people engaging in similar low-return activities (especially in rural areas). Therefore, low productivity may not always result from "poorly organized work, but rather from a lack of resources and incentives to keep everyone working efficiently." (ILO, 2005). In other words, underemployment is a result of underutilizing labour and capital resources, which is a concern for microbusiness owners. There is a market for budget or inexpensive goods, but they are typical of inferior quality. Therefore, on-the-job learners typically only pick up skills to create inexpensive, low-quality goods (on occasion) and end up caught in a vicious cycle of low skill and low production. A large portion of the working poor are also "without security and control over their life" (Palmer, 2008)

3. METHODOLOGY

The methodological approach looks at the available literature on such relevant issues as definitions, the informal sector contributions and the productivity level of the informal workers in Nigeria. The study showcased the views of Informal workers (e.g., enterprise owners, managers, and workers) via an interview method that got them to unveil their challenges and issues that impedes their productivity in the informal economy. The survey research method was incorporated which captured the responses of 100 informal workers cut across informal sectors. The interview method was used to capture an accurate response as some of them are school dropouts, and their responses were analyzed and presented in a table. The survey went around the informal economy such as hairdressers, mechanics, barbers, petty traders and so on. The purpose of the circulation was to capture and analyze the response of Informal workers in the Nigerian economy. This will also aid in a basic understanding of the informal sector, its role in output and the challenges they face as an unrecognized sector.

Table 1: Demographic Distribution of the Respondents

Variable	Frequency N=100	Percentage
Gender		
Male	43	43.0
Female	57	57.0
Age group		
18 – 30 years	19	19.0
31-40 years	42	42.0
41-50 years	27	27.0
51-60 years	12	12.0
Work status		
Employer/Owner	39	39.0
Manager	17	17.0
Employee	43	43.0
Years of Work		
1-5 years	27	27.0
6-10 years	18	18.0
11-15 years	22	22.0
16-20 years	20	20.0
21-35 years	13	13.0
Educational status		

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School drop-out	19	19.0
Secondary graduate	28	28.0
Diploma	15	15.0
First Degree	22	22.0
Postgraduate	16	16.0

Source: Researchers Field Survey, 2022

The results of the study showed that there are more women in the informal economy with 57%, most of the respondents were between 31-40 years, and they are more Employees who work in the informal sector than employers. And, most of the respondents have worked for 1-5 years, while most of them are secondary school graduates.

Table 2. View of the Informal Sector

Informal Sector	Yes	No
Are you happy with your work?	69	31
Did you start your work out of passion?	52	48
Did you start your work out of unemployment/poverty?	48	52
Did you have other job opportunities?	15	85
Does your earning sustain you and your family?	62	38
Are you digitalized?	25	75
Did you get any form of training?	33	77
Do you wish to be trained?	81	19
Would you like to upgrade your skills?	85	15
Did you get any financial support from the government?	5	95
Did you ever sort for financial support?	78	22
Do you have the infrastructural development required for your work?	16	84
Did covid-19 pandemic affect your work?	90	10
Are there any occupational health challenges involved in your work?	59	41
Do you intend to employ manpower, if you have the capacity?	84	16

Source: Researchers Field Survey, 2022

As seen in Table 2, 69% of the respondent are happy with their respective work, while 31% are unhappy when we asked why, they assert that they were forced to venture into the informal sector due to challenges and hunger. Entry obstacles to the formal economy are another factor that has continued to contribute to the growth of the informal economy. This has taken many different forms, Verick (2006) corroborates that starting a new business in the formal economy is very expensive and time-consuming. When we queried the respondent 52% acknowledged joining the informal economy out of the passion they had for their business and 48% started unemployment and poverty. The response of the respondent confirms Arosanyin (2011) study which states that the Nigerian economy is faced with two main problems namely poverty and unemployment. 15% of the respondent had other job opportunities before they decided to work in the informal economy while 75% lamented that they could not find a job rather they had to create jobs for themselves and some of them opined that the informal economy was the easiest sector to get a job, they accepted the offer in other to take care of their families. 62% agreed that their earnings sustain their families but 38% of the employee averted that the earnings are not enough

they had to do extra petty jobs which in turn affects their health. The use of technologies is the trend of this present age, we got a big shock at the low response on digitalization, 75% of the respondent are not aware of how digital system work and how they can improve their productivity. Nzenwata (2019) discovered that workplace digital transformation has a lot of benefits such as increased workers' productivity, she opined that it is a stepping stone to a successful business strategy, it intensifies alliance and leads to effective service delivery in any organization. 77% of the respondent stated that training was another problem they faced in the informal economy as it involves a lot of monetary investment, they further argued that all they learnt was from the job which is not sufficient enough for productivity growth. 81% of our respondents yearn to be trained in their field, they are not satisfied with their overall output, we also got 85% that wish to upgrade their skills if they have an enabling platform or opportunity. One significant contribution that the sector also makes to economic growth and development is in terms of apprenticeship training and entrepreneurship which are developed within it Omisakin (1999). Out of 100 respondents, only 5% got financial support from the government, the other 95% opined that they see most of the government acclaimed initiatives as a scam because 78% sort for support but was disappointed at the huge turned down while the remaining 22% claimed that they never heard or knew that government can support their business. According to Eghosa (2014), insufficient commitment from various governments has been recognized as another factor that influences the growth of the informal sector. As a result, the government neglects the informal economy because it is unaware of its potential, contributions, and issues. I strongly concur, that when the problems are unknown to the government, how will they solve the problem? Even the informal workers involved in this web do not know the opportunities mapped for them due to a lack of orientation. 84% of the respondent were very bitter as they narrate their ordeal in terms of infrastructural development, it has cost some informal sector workers their lives due to bad roads, and they spend so much fuel/diesel to power their generator due to lack of electricity and many more. 90% corroborate that the Covid-19 pandemic negatively affected their work, some had to lay off their workers while others are still struggling to get on their feet, this has caused a huge gap in the productivity of the informal economy of Nigeria. 59% agreed that their work involves many occupational health challenges, example a welder confirmed that his eyes are almost gone due to the effect of light that reflects on his eye during work, according to the respondent he has spent so much to get treatment but his doctor told him that his eye can never be the same again, this one out of many. 84% agreed that they wish they could employ more labour but there are lots of constraints impeding them. The informal economy is the highest employer of labour in Nigeria and other countries. If they are empowered with the right training, financial support etc I believe that it will spur productivity in the economy and also alleviate unemployment in Nigeria.

4. KEY STRATEGIES TO SPUR PRODUCTIVITY IN THE INFORMAL ECONOMY

This research contributes to the body of knowledge already available on the informal economy and provides information on this crucial but frequently ignored component of developing Nigeria's economy. The purpose was to highlight the crucial contribution of the informal sector to the growth of the Nigerian economy in particular and the necessity of policies that take this role into account.

4.1. New technologies and skill adaption

New technologies and skill adaption can be applied to change workplace procedures, this one of the pillars to spur informal economy's productivity. Palmer (2008) what is meant by "work quality" Workplace health and safety as well as increased access to technology are improvements. The degree of skill adaptation determines how much new technology, notably information and communication technologies (ICTs), biotechnologies, and microelectronics, are incorporated into the informal sector and how much they contribute to that economy's increasing productivity (Singh, 2000). Workers in the informal economy must learn "new skills" that are becoming more and more prevalent in the formal economy, like computer and technology skills. Because of the large number of apprentices involved, the fact that younger people are likely more able to learn than older people, the fact that they will be the backbone of tomorrow's societies, and the potential to increase productivity and incomes in self-employment, it is crucial to improve the current apprenticeship training systems, Johanson et al (2004). In many nations, informal apprenticeship training is still the main source of skills, but it has poor quality.

a. Upgrade the skills of master-craftspeople

"Upgrading the skills of MCs may be the most appropriate training intervention, anticipating that greater skills will make them more productive and have a trickle-down effect on apprenticeships" Johanson et al (2004). Apprentices should never be trained alongside master artisans; instead, master craftspeople should be trained first.

b. Provide supplementary training for apprentices

Literacy instruction is a crucial prerequisite for successful business development as well as a necessary complement to technical and vocational training. (Palmer,2008)

4.2. using digital technologies to boost productivity

New chances for gradual formalization are brought about by digitalization. The digitalization of financial services and other government services (e-government) affects how the informal and formal economies interact: it opens up new channels for collaboration among various operators through e-clustering, and lowers the direct and indirect costs of formalities (for example, by streamlining procedures), and lowers barriers to borrowing money.

a.MOOCs

Massive Open Online Courses (MOOCs) provide access to digital training materials for new target audiences (MOOCs). Since 2008, universities have only offered these courses online. They are often certified if a price is paid and are generally free to attend. The enormous hope that this strategy initially inspired, especially for university education, needs to be tempered in light of the continents' and regions' high dropout rates of over 90% and comparably low participation rates.

b. M-Learning

M-learning, or learning through mobile devices like smartphones, is thought to offer great potential for developing nations and population groups that are underserved or challenging to reach. This is primarily because of the technology's increased adoption, which gives access to the internet to many more people than computers do. However, there is still insufficient research on the effects of mobile learning on users and their learning outcomes. M-learning is comparatively popular in the informal economy when it comes to agriculture. The distribution of information, audio lectures, and text message services, which also provide structured forms of learning with assessments and interactive formats, are only a few of the ways shown in an overview of established learning applications for small farmers in Kenya.

4.3. Access to finance and the quest for productivity in the informal sector

Although informal firms are varying in their characteristics, one area that most enterprises require support is access to financial services. The biggest barrier to expansion for micro and small businesses continues to be a lack of access to financial services. Only about 11% of informal firms use loans, and only 23% have bank accounts, according to the World Bank's Informal Enterprise Survey. Among the surveyed enterprises 80% and 84% of the informal firms employ internal funds, family, and moneylenders for working capital finance and investment finance, respectively. Financial institutions and policymakers have a significant opportunity to use formal financial service providers to encourage informal enterprises to formalize, acquire new knowledge, new equipment, and new markets, and produce better quality and quantity outputs because of the substantial share of informal finance WorldBank, (2015).

a. Government Financing in the Informal Sector

Government initiatives aimed at targeting the informal economy have taken many different forms over time. Unfortunately, the majority of them were abandoned since they didn't succeed in meeting their intended goals. Community banking was one of the final initiatives to meet this fate, and in its place, the microfinance banking program was introduced in 2005 (Onah, 2020).

The National Social Investment Program is the Federal Government's most ambitious financial intermediation program in recent years (NSIP). The primary critique of the NSIP program is that the program's fundamental goals have been severely hampered by politics and antecedent issues.

A World Bank representative in the Social Investment Programme expressed regret about the "exceptional lack of openness and accountability" she saw in fund applications, particularly concerning the Trader Moni element of GEEP, in 2019, according to Onah et al.

Politicization, ethnicity, favoritism, and nepotism, which are frequently brought to bear on the generation of data and other crucial indicators, are the main reasons why previous poverty alleviation programs and social policies in Nigeria failed, as demonstrated by Onah and Olise in the work cited above. Finances are still another important limitation. Only 15.8% of the program's 2016 and 2017 appropriations, according to the National Director of NSIP, have been distributed (Onah, 2020)

b. Microfinance Banks

The microfinance banks (MFB), which replaced the People's Bank of Nigeria and Community Banks in 2005, are the fundamental business assistance system accessible to informal employees. MFBs were created to fill the funding gap for the working poor and micro-producers. In Osun state, there are numerous MFBs functioning, with about 20 of them based in Osogbo and providing savings and loan services to informal employees and micro businesses.

MFBs, on the other hand, are frequently used as a last resort, which hasn't increased the access to finance for informal workers. This is a result of their severe loan recovery techniques, exorbitant interest rates, and operational practices that resemble those of commercial banks.

c. Cooperative Organizations

The self-organized and socially based business support networks that have historically been relevant for informal workers still exist today. Informal workers rely on locally self-organized organizations including community associations, cooperative societies, faith-based support groups, and rotatory savings and credit associations (ROSCAs). Since state-sponsored and official business financing programs like the MFBs continue to fail, ROSCAs and other Informal Financial Institutions (IFIs) maintain their attractiveness. The majority of new businesses in the unorganized sector still rely on personal resources, family assistance, financial institutions, cooperatives, and other sources like neighborhood and faith-based organizations. According to a survey by Gasu et al. (2020), in Osun state, 32.72% of respondents said they obtained their capital through family, 29.01% from friends, 14.81% from cooperatives, and only 8.41% from other sources. 4.94% from bank loans.

The cooperative movement and other self-regulatory financial intermediation practices have shown to be more effective and durable viable ways for entrepreneurs to acquire financing, respond to crises, acquire finance, and expand a firm. The government is urged to pay closer attention to this area to make actions that will have a greater impact on the informal economy's growth, development, and productivity.

4.4. Creating a supportive institutional and policy environment

Some or all of the aforementioned strategies could be used in such a framework. A key component of creating an enabling environment is to prioritize employment development so that there are more work options in the formal economy and individuals do not continue to

overstuff the informal market. The ILO supports the creation of an environment that encourages employees in the informal economy to increase their productivity, gain access to decent jobs, and formalize their businesses.

5. CONCLUSION

As a result, the government at all levels needs a wide range of carefully coordinated interventions to support a process of gradual transition from a low productivity informal sector to a highly productive economy. This is due to the heterogeneity of informal work in Nigeria, the sheer diversity, enormous size, and the number of Nigerians active in it, as well as its enormous contribution to the national economy.

In particular, existing and new structures must be optimized to foster effective interventions in the areas of training, funding, the introduction of new, appropriate technologies, work-space and cluster development, occupational health and safety training, and facilities within an overall policy and legal framework that reflects our realities and promotes cost-effective, socially acceptable, and more sustainable development paradigm that aid processes of necessary transitions to a more productive work culture in Nigeria informal Economy.

Nigeria faces the difficulty of a sizable informal economy that is particularly susceptible to the pandemic's effects. The majority of Nigerians are employed in the country's informal economy. The federal government and other stakeholders must implement measures to give the informal sector assistance. Nigeria must develop and implement policies to assist certain persons and groups in this area.

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