

The Impact of Covid-19 on Petty Traders in Bo City Markets, Southern Sierra Leone

Sualiho Sheriff

Department of Accounting, School of Social Sciences and Law, Njala University,
Bo Campus, Bo City, Sierra Leone

Rev. Micheal Tejan Gbenday

Senior Planning Officer, Ministry of Planning and Economic Development, Sierra Leone

Abstract

The study primarily intended to assess the impact of Covid-19 on petty trading businesses in Bo City Central Markets in the Southern Sierra Leone. The specific objectives of the study were: i) to analyze the turnover/sales volume of Covid-19 outbreak ii) to analyze the implications of Covid-19 on petty traders in Bo central markets iii) to identify the factors influencing petty traders in Bo City Markets iii) to assess the impact of Covid-19 recovery package in Bo City Central Markets. The methods of data collection include; questionnaire administration and interview guide with the target population of (250) petty traders that represents a sample size of (200) businesses/respondents selected from 10 (ten) central markets in Bo City using stratified random sampling technique. The study adopted a descriptive and mixed method design, and the results/findings discussed in qualitative and quantitative methods. The results converted using, SPSS, tables, frequencies, and percentages. The key findings include: (95%) of petty trading businesses are registered, (95%) complied with Covid-19 control measures, (23%) turnover/sales volume low, (46.5%) average sales/turnover, (4.5%) turnover not reasonable, while (90.5%) of the businesses have been negatively impacted in Bo City Central Markets. Conclusively, the curtailment strategies of Covid-19 have led to the negative impact of the virus on the reduction of sales volume turnover with the adverse effect on profitability, liquidity and equity position of the petty trading businesses. It is also recommended that the Central Government, and other partners should ensure that the Covid-19 recovery package being monitored and equitably distributed, reduction of taxes, ease of restrictions, micro-finance scheme to aid businesses in Bo City Central Markets.

Keywords: Petty Traders, Covid-19 Pandemic, Business, Markets, Bo City

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1.1 Introduction

Sierra Leone recorded its first case of the Covid-19 pandemic on the 31st March 2020, a 37-year old man who traveled from France on the 16th March 2020, and he was isolated to curtail the virus. Since then different control measures have been instituted by the government by year via a state of emergency and other restrictions to help curtail the virus. These measures are meant to save lives and avoid economic and financial meltdowns. The Central Government responded to the deadly Covid-19 pandemic, by preparing a quick action plan programme to maintain financial stability and macroeconomic issues, as well as to mitigate the impact of Covid-19 on businesses and households. This is being implemented by the Covid-19 health preparedness and response plan, the national Covid-19 Emergency Response Center (NACOVERC) that leads the implementation of the health response to ensure a whole-of government and multi-agency approach in responding to Covid-19 pandemic at the national and regional levels. Matt et.al. (2020) described coronavirus outbreak the first and foremost human tragedy affecting hundreds of thousands of people in the World. It is also having a growth impact on the global economy, and companies that navigate disruption often succeed in their core customer segments and anticipate their behaviors (McKinsey, 2020).

It could be also recalled that on 12th January 2020, the World Health Organization (WHO) confirmed that a novel coronavirus was the cause of a respiratory illness in a cluster of people in Wuhan City, Hubei Province, China, which was reported to the WHO on 31st December 2019. The case fatality ratio for Covid-19 has been much lower than SARS of 2003, but the transmission has been significantly greater, with a significant total death toll. Therefore, it is no gain since the outbreak of the Covid-19 pandemic; many spheres of the livelihood of traders have been adversely affected thus, increasing the costs of living for many citizens and the whole world. In developing countries like Sierra Leone, livelihood activities are immensely affected by the Covid-19 outbreak. One of the sectors grossly affected is the business sector especially petty trading Businesses. The cost of products coupled with the many government imposed restrictions such as lockdowns, travelling restriction, state of emergency, social distancing and curfews have negatively impacted on petty trading in Bo City Markets. The extent to which this sector of the economy is impacted is the reason for conducting this study, and COVID-19 pandemic has also forced many businesses to discontinue their activities due to an unprecedented disruption of

economic activities in most industrial sectors and retail businesses, Donthu and Gustafsson (2020).

Petty trading is a venture for people with low income earning power, thus is a business activity for people with little money to undertake business activities, (Federal, 2010). The word petty comes from a French word 'Petit' which means insignificant or little. Petty trading is a business activity for people with little, small or insignificant amount of capital required for small business ventures, and the practitioners of petty trading are called Petty traders. The ultimate aim of every business is to maximize profits and minimize costs. Cost minimization has been one of the major problems over the years for petty trading businesses. The amount of capital required is small and easy to form, wherein much formality is not required, its liability is unlimited to the capital requirements; it lacks continuity that once the original owner dies the business liquidates automatically. They owners lack business acumen or basic business skills to enhance growth and continue to maximize returns. Mahbub (2000) also noted that lack of business skills among petty traders reduced the capacity of production and exchange of their goods which also affects their income.

Becker (2004), classified petty trading as an informal sector with little or non-entry requirements in terms of capital and professional qualifications, small scale of operations, skills often acquired outside formal education and labor-intensive, methods of production and adapted technology. Todaro et.al. (2003) however, discussed that petty traders depend on the growth of the formal sector for a good portion of its income and clientele. Petty trading is either owned by one or two or more people, they are required to register, pay taxes, market dues to the local councils and subscriptions to trade unions. Much support is needed from the Central Government, IMF, World Bank, NGO's and charitable institutions to grow and boom up its future operations. Berger (2015) stated that petty traders are especially unfavorable to formal credit because of social and economic inequities; microfinance is seen as a solution to petty traders who may fall below the standard of the commercial banks' lending criteria, and also to correct the general notion of financing the poor. Petty traders have the ability to use loans wisely to generate income and even continue with savings which make it easy to repay for loans granted to them.

Rosenberg and Littlefield (2014) viewed that the exclusion of the petty traders from the formal banking sector has led to the establishment of an institution that will primarily provide financial services to petty traders and addressed the failures in the market. Microfinance has since been recognized as the main vehicle for poverty alleviation. This recognition of microfinance especially the micro-credit component has received global attention as echoed by the UN General Assembly (2004). Covid-19 is a killer diseases that has ravaged societies and the world at large, its impact on petty trading is so graved that the Central Government needs to intervene, and the Covid-19 recovery package designed by the Government, NGOs and charitable organizations have not created much impacts due to favoritism, political affiliations, tribalism and insincerity of the custodians of the package. Therefore, the covid-19 recovery package is not adequate to savage the problems on the petty trading businesses in Bo City Central Markets.

1.2 Methodology

The study was conducted from the 10th-20th December 2021, through face to face interviews using pre-tested and back-translated questionnaire, ten (10) markets in Bo Central City Markets from different categories of petty trading businesses with the target population of 250 markets men and women, a sample size of 200 businesses adopted a stratified random sampling as proposed by Babbie (1990), were selected due to the Covid-19 pandemic restrictions. The study area is Bo City located in Bo District in the Southern Sierra Leone. It is the second and leading commercial and educational center in the region. The City is headed by the Mayor who is elected into office for five years capable of re-election for a second term, and the administrative wing headed by the Chiefdom Administrative. In order to maintain the level of precision, sampling error at (\pm) 5%, the level of confidence at (95%), and degree of variability at (50%), 200 respondents were selected following sample recommendations as proposed by Israel (2009). The study also adopted a mixed method approach combining qualitative and quantitative designs through a cross sectional survey. The quantitative data was processed, coded and analyzed using the Statistical Package for Social Sciences (SPSS), and data converted into frequencies, percentages, cumulative frequencies and tables. Creswell (2009), allowing data triangulated to add robustness to the analysis. Bonadio et.al. (2020) utilized a quantitative framework to simulate a global lockdown as a contraction in Labour Supply for 64 countries.

1.3 Results

The registration of petty trading businesses in Bo City Markets is shown in table 1 below:

TABLE 1: Registration of Petty Trading Businesses in Bo Central Markets

	Freq.	Percent	Valid Percent	Cumulative Percent
Registered Businesses	190	95.0	95.0	95.0
Unregistered Businesses	10	5.0	5.0	100.0
Total	200	100.0	100.0	

Source: Field Data (2021)

From table 1 above, (95%) of the majority of the respondents affirmed that their petty trading businesses are registered with the National Revenue Authority (NRA). Pharmacy Board, Trade Union, Bo City Council, Bo District Council. While (5%) of the petty trading businesses have not registered with the National Revenue Authority, Trade Union, Pharmacy Board and Bo City and District Councils. The study implied that most petty trading businesses do not pay taxes to the National Revenue Authority to enhance national growth and development. Similarly, Bo City and District Councils loose huge some of their internally generated source each year to foster development in the city and localities.

The compliance rate with Covid-19 control measures in Bo City Markets is shown in table 2 below:

TABLE 2: COVID-19 Compliance Measures

	Freq.	Percent	Valid Percent	Cumulative Percent
Compliance	190	95.0	95.0	95.0
Non-Compliance	10	5.0	5.0	100.0
Total	200	100.0	100.0	

Source: Field Data (2021)

From table 2 above, (95%) of the majority of respondents in Bo City Markets comply with Covid-19 pandemic control measures instituted by NACOVERC, while (5%) of the respondents do not comply with Covid-19 control measures.

At (95%) of the study revealed that most businesses comply with control measures by using face marks, social distancing, regular hand wash with soap and sanitizers, including general restrictions. At (10%) of the study also revealed that one-third of the businesses do not comply with the above control measures which aided the virus very fast that affected the lives, livelihoods, and businesses within the Bo City Markets.

The sales volume/turnover in Bo City Markets is shown in table 3 below:

TABLE 3: Rate of Turnover/ Sales During Covid-19

	Freq.	Percent	Valid Percent	Cumulative Percent
Low	46	23.0	23.0	23.0
Medium	52	26.0	26.0	49.0
Reasonable	93	46.5	46.5	95.5
Not Reasonable	9	4.5	4.5	100.0
Total	200	100.0	100.0	

Source: Field Data (2021)

From table 3 above, the rate of turnover/sales is adversely affected during Covid-19, (23%) of the respondents agreed that the pandemic affected sales volume of their businesses in Bo City Markets as the sales volume was low, (26%) of the sales volume was at the medium, (46.5%) of the majority of the respondents affirmed that turnover was at the average, and while (4.5%) of the businesses revealed that the sales volume was not reasonable during the Covid-19 pandemic. The rate of turnover was influenced adversely during the Covid-19 pandemic due to restrictions and social distancing. The rate of turnover greatly determines the profit margin, income level, administrative costs and the costs of sales.

The implications of Covid-19 pandemic in Bo City Markets are shown in table 5 below:

Table 4: Implications of Covid-19 In Bo City Markets

	Frequency	Percent	Valid Percent	Cumulative Percent
Positively Impacted	19	9.5	9.5	9.5
Negatively Impacted	181	90.5	90.5	100.0
Total	200	100.0	100.0	

Source: Field Data (2021)

From table 4 above, (90.5%) majority of the respondents affirmed that Covid-19 pandemic has negatively impacted businesses in Bo City Central Markets.

The impact is based on low turnover/sales volume, reduction in the profit margin, increase in operational costs, increase in the price of goods and services, economic depression, financial meltdown, reduction in customer-base, increase in exchange rate/foreign currency, redundancy in the work force, reduction in the revenue mobilization by the central government, reduction in the consolidated revenue fund, increase in the costs of living and so on. While (9.5%) of the businesses affirmed that the outbreak of Covid-19 pandemic has positively impacted businesses in Bo City Markets due to the increase in the demand of goods and services (creating artificial scarcity), and assistance from IMF, world bank, NGOs, charitable institutions in the form of grants, subsidies, loan schemes to businesses and even the Central Government

1.4 Discussions

1.4.1 Registration of Petty Trading Businesses in Bo City Central Markets

The research paper revealed that majority of the businesses in Bo Central Markets are registered with the National Revenue Authority (NRA), Trade Unions, Bo City and Districts Councils. Registration with the National Revenue Authority fosters national growth, and increase in the gross domestic product of the country. Todaro et. al. (2003) explained that the discovery of an unorganized, unregulated and legal but unregistered informal sector that was first recognized in the early 1970's. Taxation is the key revenue center for the country; increase in its mobilization has positive impacts on the economy and nation building. Trade unions/associations cater for its members, more subscriptions and donations have relevant impact on businesses in the Bo City Markets. Bo City and District Councils owned-source revenue increases only if stringent strategies/controls are adopted by urging businesses to pay their dues. Similarly, a significant proportion of businesses are not registered with NRA, trade unions, councils, and the unregistered businesses have negative impacts on the economic growth and national development. The study further revealed that petty traders businesses are evading the tax system, and some could not attempt to pay taxes which are compulsory payments levied by the state to finance capital and re-current expenditures.

1.4.2 Covid-19 Control Measures

The study depicted that majority of the businesses in the Bo Central Markets comply with Covid-19 pandemic control measures instituted by NACOVERC in order to curtail the virus. The compliance with the control measures such as; face masks, social distancing and general restrictions and covid-19 guidelines as curtailment strategy. Aum et. al. (2020) hints at fear of infections rather than lockdowns as the main driver of the drop in local employment, and suggests the evidence has truck high-contract industries the hardest. However, significant proportion of businesses does not comply with the Covid-19 curtailment strategies such as social distancing, and other general restrictions. Soh and Bennie (2011) described that compliance involves ascertaining policies, plans, procedures, laws and regulations which could have a significant impact on organizations. Beck et. al. (2020) describes that the vast majority of businesses have been negatively affected by COVID-19 pandemic, and reacted by reducing investments and payrolls. Balla et. al. (2020) justifies that post locked down delays businesses reopening in the United States explained of expected demand rather than the health crises.

1.4.3 Implication on Sales Volume/Turnover

The study shows that two-thirds of the businesses revealed that the turnover/sales volume is adversely affected during Covid-19 pandemic, while one-third affirmed that the turnover was at the average during Covid-19. Comparatively, before Covid-19, the sales volume was normal, but the pandemic has grossly reduced the sales volume which has an opposite effect on profitability, liquidity and equity position of businesses in Bo Central Markets with falling revenue, small medium-size businesses are now in major financial distress due to the COVID-19 pandemic (Bartik et.al. 2020).

Hamman (2006) described financial distress as the situation when a company cannot continue to easy in its current form, and therefore include bankruptcy, delisting or a major organizational restructuring. This diverse evidence points and all towards a severe and immediate impact of the shock on form revenue and employment. Covid-19 pandemic is resulting in an unrepresented shock to the private sector, threatening the global businesses in poverty reduction and slowed prosperity made in recent years. The negative impact on sales has been large and widespread across firms, and despite differences across countries, sections and other small scale businesses, there is a huge heterogeneity effect across petty trading businesses that implied the shock is affecting similar ventures

differently.

1.4.4 Implications of Covid-19 Pandemic in Bo Central Markets

The study also depicted that majority of businesses strongly affirmed that Covid-19 has negatively impacted on businesses in Bo City Central Market. These implications are influenced by the virus curtailment strategies such as social distancing and general restrictions led to economic depression, financial meltdown on public and private sectors, drastic reduction in the state revenue, reduction of customer-base, hyper increase in the prices of commodities, redundant staffing/workforce, and amongst others. On the opposite view, amongst few have affirmed that Covid-19 pandemic has positively impacted on businesses in the form of Covid-19 recovery package, assistance from IMF, World Bank, Donor Funding, NGO,s and charitable institutions to revitalize businesses and repair economic distress. According to Beck (2007) and Wallace (1999) confirm that small business assistance from governments of African Countries is weak and inadequate. The slowdown of economic activity caused by the COVID-19 outbreak and related lockdown measures implemented to tackle health crises has led to severe difficulties for petty trading businesses to meet their financial obligations (OECD, 2020). Dai et.al. (2020) mentioned that several impacts have been documented across countries in terms of revenue loss, business closures, mass layoffs, and liquidity position of institutions due to the health crises.

1.4.5 Factors Influencing Petty Trading Businesses in Bo City Central Markets

The study has identified factors influencing businesses in Bo City Central Markets during COVID-19 pandemic. These factors have adverse impacts on petty traders, and some could either be micro or macro factors, like: state of emergency, curfews, travelling restrictions, ban on public gatherings, social distancing, closure of land and air borders, increase in exchange rate or foreign currency, reduction in customization, taxation/GST and vaccination.

1.5 Scope Limitation and Longitudinal Study

The study is no exception to the fact that it is impossible to understand a research of this form without limiting the scope, if the initial plan had been met. The study was firstly intended to evaluate the impact of Covid-19 pandemic on all categories of businesses in Bo City but due to financial constraints, Covid-19 pandemic restrictions, power cut, and volume of traders. The study was emphasized on the petty trading businesses in Bo Central Markets in the Southern Sierra Leone. Therefore, further studies should be conducted on all categories of businesses in all the markets in Bo City not preferably petty trading.

1.6 Conclusion

It is therefore concluded that Covid-19 negatively impacted on businesses in Bo City Markets in order to dwindle economic growth and nation building. However, some petty trader businesses are evading the tax system whilst some have not registered with NRA, Councils and trade unions, non-compliance with Covid-19 control measures, by using face masks and social distancing and drastic reduction in sales volume/turnover adversely affects profitability and financial position petty trading of businesses in Bo City Central Markets.

The curtailment strategies of Covid-19 immensely aided save lives but negatively impacted on the growth of petty trading businesses in the Southern Serra Leone. On the other hand, the intervention of the international community, donor partners, government, charitable organizations and NGO,s to provide micro-finance, loans, grants and subsidies. Finally, the impact of Covid-19 pandemic goes beyond individual businesses and countries. It is a health emergency that swallowed thousands of lives and more, much support is needed to combatant the health crises.

1.7 Recommendations

- i) It is recommended that state actors provide supports during this crisis by reducing taxes, fuel prices, additional capital to small scale businesses, supervision of Covid-19 recovery package and institute a strong law against political interferences in the country and reduce the curtailment strategies of Covid-19..
- ii) It is also recommended that the NRA institutes strongly policies on the payment of taxes from businesses, and subscriptions for trade unions as one-third of the revenue base is left with unregistered businesses, and assistance sought from clubs, associations, donors, IMF, World bank, NGO's in the form of COVID recovery scheme.

1.8 Conflicts of Interest

The Author of this paper formally declares that there is no conflict of interests towards the publication of the manuscript.

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