ANALYTICAL STUDY OF THE IMPACT OF INFORMAL BUSINESSES ON ACCESS TO GOOD HEALTHCARE SERVICES OF ENTREPRENEURS IN ZARIA LOCAL GOVERNMENT AREA, KADUNA STATE, NIGERIA

Abubakar, Mansur Danjeka

Department of Economics, School of Secondary Education (Arts and Social Sciences), Federal College of Education, P.M.B. 1041, Zaria-Nigeria

Correspondence danjeka1980@gmail.com

Abstract

This study is titled “Analytical Study of the Impact of Informal Businesses on Access to Good Healthcare Services of Entrepreneurs in Zaria Local Government Area, Kaduna State, Nigeria”. The design of the study is descriptive survey. There was no database for informal businesses in Zaria Local Government Area as at the time of this study. In this regard, 300 participants were purposively selected from the target population. The data for this study was essentially derived from the primary source. Specifically, the study used questionnaire as the source for data. Data of this study was collected from a sample of 300 respondents which was selected from the owners of informal businesses in the study area (Zaria Local Government Areas of Kaduna State). Descriptive statistics and chi-square was also used as the techniques of data analysis. The study found that, informal businesses in Zaria Local Government Area, Kaduna State have a significant influence on Access to good health care services of entrepreneur. It was concluded that informal business significantly contributed to access to good health care services of entrepreneurs in Zaria Local Government Area of Kaduna State. The study therefore, recommends the need for the government to strengthen informal businesses in their operation by supporting the business with more capital to make them formal, so as to expand the scope of their businesses. There is also need for the Kaduna State Government in collaboration with Small and Medium Scale Enterprises Development Agency (SMEDAN) to enlighten informal business owners on the use of modern equipment to enhance their product quality in Zaria Local Government and beyond. This will go a long way to boost their productivity and consequently their ability to improve their access to good health care services.

Key words: Informal Business, Health Care, Entrepreneurs, Services

Introduction

Informal sector is as old as man himself. They are the backbone of business activities especially among the rural populace in Nigeria. They play vital role in providing employment for the teeming unemployed, income and livelihood for the poor households in Nigeria. The informal business has been persistent in carrying out economic activities; it contributes significantly to social and economic lives through the provision of essential low cost products and services, and generation of employment. Informal businesses are integral to the competitiveness of formal firms in some economies, through their involvement in
supply chains and strategic networks. Their contribution to global commerce has also been acknowledged, however we know little about how they organize, manage, and strategize.

According to Adebayo (2005) some of the major characteristics of Informal Businesses that are universally recognized are that they are typically small, own largely to limited access to financial resources, they are also characterized by simple management structure which generally combines ownership and management in one person, the Informal Businesses use a lot of local input (raw materials), they are also widely dispersed in any economy. Not concentrated in any particular geographical location, there is greater difficulty in attracting funds for expansion. The inability of the proprietor to separate his private funds from the company’s fund contributed to the inefficiency and non-performance of some informal businesses.

Globally, informal businesses have been acknowledged in contributing towards economic growth and sustainable development. Informal sector forms a large portion of the workforce in many developing countries like Nigeria. The economic activities provided by informal businesses are means for survival, job creation, income generation activities, improved livelihoods and living standards. Studies have revealed a number of interesting findings. The findings include contribution to the livelihoods of the people involved in it, contributed to the well-being of many people who used its services. Some of the income derived from these businesses was transferred to other provinces from where the vendors came from, meaning it helped in the regional distribution of wealth. As most of these businesses employed relatives or family members it also created jobs for the unemployed. Formal and informal sector features characterize the nature of the labour markets in Sub-Saharan Africa. Particularly characterized by this dichotomy is the urban labour market (Farayibi, 2015).

In spite of the neglect of the informal businesses in Nigeria, informal businesses serves as a source of employment for the poor because it provides employment in one form of economic activity or another. This sector of the economy has helped in absorbing low level qualification holders and rural-urban drift, population that is unable to secure wage employment in the modern sector of Nigeria and particularly in Kaduna State. The growth of the informal sector in Nigeria like in most African countries stems from government failures and the hidden opportunities that become available when governments fail. Although the informal sector is an avenue to create a reasonable source of livelihood for the poor, it has challenges such as lack of income security and other benefits that are inclusive in the formal employment framework.

Despite huge number of informal businesses in Nigeria, a survey conducted by the Nigeria Bureau of Statistics (NBS,
2015) showed that the Nigeria’s poverty profile increased from 54.4% in 2004 to 69% in 2010 and from 35% in 2011 to 33.1% in 2013 and 2014 (World Bank, 2014) indicating that poverty has been on the increase in Nigeria but dropped only between 2011 and 2014. It is worthy to note that most of the literatures reviewed on the process of compilation of this work have been carried out in different locations other than Zaria local government area of Kaduna state.

Studies such as Oloyede (2008), Farinmade (2012), investigated the challenges of improving informal sector activities conditions in Lagos Island, Nigeria. Oluranti (2011) examined the role of urban informal transport subsector; motorcycle taxis (popular called Okada) towards the provision of self-employment and income generating opportunities to urban unemployed youths in south-west Nigeria., Obara and Nangih (2017) examined effects of taxing the informal sector in Nigeria. To achieve that, the researchers distributed a total of 110 questionnaires to respondents within Port Harcourt metropolis and its environs; Farayibi (2015) examines the employment creation potentials of the informal sector in Nigeria. Primary data were randomly collected for the study via interview and administration of questionnaire to respondents in six randomly selected areas in Ilorin metropolis, Kwara State, and as such the result obtained cannot be applicable to Zaria local government metropolis. It is against this backdrop that this study examines the Impact of Informal Businesses on Access to Good Healthcare Services of Entrepreneurs in Zaria Local Government Area, Kaduna State, Nigeria.

**Purpose of the Study**

The study is aimed at:

Examining the ability of the informal business owners to improve their access to good health care services in Zaria Local Government Area, Kaduna State, Nigeria;

**Research Question**

Does informal business contribute to access good health care services of entrepreneurs in Zaria Local Government Area, Kaduna State, Nigeria?

**Research Hypothesis**

H01: Informal businesses do not make any significant difference in enabling their owners to have access to good health care services in Zaria Local Government Area, Kaduna State.

**Theoretical Leaning**

This theory is based on the Individualistic Theory of Poverty. This theory is viewed from the angle of the individual’s or household’s inability to be productive so as to get out of poverty. The individualistic theory on its part attributes poverty to individual pathology or weakness which emphasizes that: The poor were poor because they did not work hard, they squandered money on gambling, drinking and unnecessary luxuries and they had disorder of family life. They had no ambitions, no inner for work, were
fatalistic and suffered an intractable in educability (Islam, n.d.).

This theory is founded on self-help survival in which case those who work hard succeed while the weak fail to succeed giving rise to the non-poor and the poor respectively. Efforts made in Nigeria in line with this theory are: Poverty Alleviation Programme (PAP), National Poverty Eradication Programme (NAPEP), Universal Basic Education (UBE) and Nomadic Education Programme. This is because the first two programmes have been characterized by payment stipends (in the case of PAP) and granting of loans to individuals under NAPEP while the last two attempt to address those who have not been able to acquire the needed education.

From the foregoing review, this study is premised on the individualistic theory of poverty. The theory is adopted as the theoretical framework of this study because it explains that individuals are poor because of their inability to meet up with their needs in terms of consumption, education, health and so on due to laziness and lack of productivity. This is judged by the fact that the individualistic theory on its part attributes poverty to individual pathology or weakness which emphasizes that: The poor were poor because they did not work hard, they squandered money on gambling, drinking and unnecessary luxuries and they had disorder of family life. The theory also indicates that those who work hard succeed while the weak fail to succeed giving rise to the non-poor and the poor respectively.

**Empirical Studies**

Role of informal sector on consumption expenditure have been empirically investigated by different scholars and researchers both in Nigeria and other countries around the globe or world. Some of these researches include Tshuma & Jari (2013) who examined the role of informal sector in augmenting household income in Alice town in the Eastern Cape province of South Africa. The data use for the study is mainly obtained through interviewer administered questionnaire. The study reveals that informal sector provides employment opportunities for the less educated and formally unemployed thereby providing them with income. Based on their findings they find out that, the contribution that small business or informal sector has to the nation show that the poverty line can be escaped and faster rate economic growth and development can be achieved especially if these informal sectors are supported.

Agupusi (2007) examined the role of the small business sector in poverty alleviation by the support from government and private sector initiative in Alexandra, South Africa. He applied critical analysis of secondary material complemented with primary data obtained through semi-structured interviews with key informants and actors, entrepreneurs and potential entrepreneurs. He found that with positive interaction between development agencies, and small
businesses in Alexandra, predominantly informal and semi-formal SMMEs in Alexandra could not only alleviate poverty but could also contribute to the general transformation process.

Also, Delbiso (2011) investigated the role of informal sector in reducing youth’s unemployment. Data for the study are gathered from a sample of 204 youth’s informal sectors operators in Hawassa city, Ethiopia. The study makes use of logistic regression to determine the factor that can contribute to livelihood improvement of the operators. The study revealed that, informal sector plays a crucial role in alleviating poverty in the urban area through creation of jobs opportunities. Mbeng (2013) investigated the role of informal waste recovery and recycling sector in Douala, Cameroon in alleviating poverty, environmental pollution and unemployment. The methodology used for the study consists of quantitative survey kusing random sampling and qualitative interview to add depth and details to the survey result. The study reveals that, poverty trends in Cameroon are higher in the rural areas than in the urban areas which serve as a major cause of rural-urban migration.

In Nigeria most of the studies focused on the role of informal sector in providing job opportunities and income generation. For instance Phillip, Samson &Ogwu (2013) explored the role of informal sector as a strategy for reducing poverty in Nigeria with reference to KogiState. The study makes use of data from both primary and secondary sources. The data were analysed using tables and chi-square statistical tools. From the study conducted they finds out that informal sector plays a vital role in the socioeconomic advancement of Nigeria. Oluranti (2011) examined the role of urban informal transport sub-sector; motorcycle taxis (popular called Okada) towards the provision of self-employment and income generating opportunities to urban unemployed youths in south-west Nigeria. The data for the study was generated from a survey of 777 randomly selected motorcycle riders in the study area. The study uses two econometric models which are specified and estimated using ordinary least square techniques. The study revealed that the sub-sector is a high employer of young school leavers in the accident prone job of Okada riding. It also revealed that the operators earned above the minimum wage level. Farinmade (2012) investigated the challenges of improving informal sector activities conditions in Lagos Island, Nigeria. The survey was carried out using stratified random sampling to ensure a fair representation of the population on each selected streets. The study revealed that there is a relationship between employment in the informal sector and formal sector unemployment, illiteracy, environmental degradation and the rampant violation of planning regulations. Oloyede (2008) examined two critical but interrelated issue namely, to what extent
has informal financial sector been able to mobilized rural savings, and to what extent has savings resulting there from been channel to productive investment that help in rural development in Nigeria. The study critically analyses primary data collected from field survey and questionnaire, using random sampling techniques in sourcing data. The study shows the relative important of the informal financial sector over its formal institution in mobilizing funds for rural development. The study also revealed that, myriads of problems still be said their effective performance. 

Onwe (2013) studied informal sector and its role in development of the Nigerian economy. The study employed the survey of the Nigerian informal sector carried out by CBN. The study revealed that the traditional or informal sector is continuously expanding in developing countries and has been serving as safety belt in the provision of employment and income to the teeming poor. 

Farayibi (2015) examined the employment creation potentials of the informal sector in Nigeria. Primary data were randomly collected for the study via interview and administration of questionnaire to respondents in six randomly selected areas in Ilorin metropolis, Kwara State, Nigeria. The data collected were analyzed using a descriptive analysis. The results from the study showed that the informal sector in the country has the capacity to absorb all categories of workers irrespective of their levels of education, and is a veritable tool for employment creation, income generation and poverty reduction in Nigeria. The study concludes that the informal sector is a veritable tool towards reducing unemployment in Nigeria and recommends the development of an employment strategy that is informal sector based.

The review of empirical studies suggests that the northern part of Nigeria, especially North-West has not been widely and empirically investigated, and any generalization using these researches conducted in the southern part of Nigeria is biased. This research therefore, intends to fill this gap in the literature.

**Methodology**

Descriptive survey design was used for the purpose of this study. The data for this study was essentially derived from the primary source. Specifically, the study used questionnaire as the source for data. 

There is no data bank of informal businesses in Zaria Local Government Area due to the nature of it. In the absence of exact population, the determination of required sample size is almost impossible. In this regard, 300 participants were purposively selected from the target population. 

Table 1 shows the sample distribution of the respondents according to the respective occupations.

**Table 1: Sample of the Study**

<table>
<thead>
<tr>
<th>S/n</th>
<th>Name of Businesses</th>
<th>Sample</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Catering (restaurants)</td>
<td>60</td>
</tr>
</tbody>
</table>
Based on the data presented in Table 1, it shows that 60 respondents each were purposively sampled from entire population.

The study employed both descriptive and inferential statistics for data analysis. For Descriptive, the study used absolute numbers, percentages and tables or schedules. A non-parametric test chi-square ($X^2$) was carried out to find out whether informal businesses contribute to access to good education before and after joining the business in the area under study Zaria Local Government Area.

The adoption of the foregoing analytical method is necessary because the study principally relied on the method in generating the data.

Chi – square is given as:

$$X^2 = \sum \frac{(O - E)^2}{E}$$

Where $X^2 =$ Chi – square

$O =$ Observed frequency

$E =$ Expected frequency

$\Sigma =$ Summation of the frequency.

This text is based strictly on the primary data gotten from the use of questionnaire.

**Decision Rule:** Reject Null Hypothesis if calculated value of ($X^2$) is greater than the critical value and accept Null Hypothesis if calculated value of ($X^2$) is less than the critical value.

The Degree of Freedom (DF) = (K-M-1)

Where $df =$ Degree of Freedom

M = Number of Parameters to be estimated

k = Number of category to be estimated

1= constant

**Results**

**Research Hypothesis:** Informal businesses do not make any significant difference in enabling their owners to have access to good health care services in Zaria Local Government Area, Kaduna State.

**Table 2:** Summary of Chi-square statistics on impact of informal businesses on Access to Good Health Care services in Zaria Local Government Area, Kaduna State

<table>
<thead>
<tr>
<th>Observed N</th>
<th>Expected N</th>
<th>Residual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Before joining the business</td>
<td>115</td>
<td>150.0</td>
</tr>
<tr>
<td>After joining the business</td>
<td>185</td>
<td>150.0</td>
</tr>
<tr>
<td>Total</td>
<td>300</td>
<td></td>
</tr>
</tbody>
</table>

**Test Statistics**

Access to good health care service from the business

Chi-Square 16.333$^a$

Df 1

Asymp. Sig. .000
Source: Author's Computation, (2020) SPSS Version 22

To achieve the stated objective, that is, to examine the ability of the informal business owners to access to good health care services in Zaria Local Government Area, Kaduna State. The respondents were asked to indicate the degree to which they would rate statement regarding the contributions of informal business owners to access to good health care services before and after joining the business. The result of this study revealed from descriptive statistics on the relationship between informal business owners to access to good health care services before and after joining the business in the area under study Zaria Local Government Area shows that the mean of $\bar{x} = 0.616667$ provide a good measure of comparison and further shows that on average data were normally distributed. The standard deviation of $SD = 0.487011$ means that the value in the data set are close to the mean of average. The study found that respondents agreed on the relationship between informal business owners to access to good health care services before and after joining the business in the area under study Zaria Local Government Area.

The study strongly agreed on the relationship between informal business owners to access to good health care services before and after joining the business in the area under study Zaria Local Government Area. Chi-square statistic was employed. The chi-square result revealed that ($\chi^2 = 16.333$) with the probability value of ($p$ value=$0.000$) which is less than 5 percent level of significance. Thus, since the probability value is less than 5 percent level of significance, the study reject null hypothesis and therefore, concludes that informal businesses have significant difference on contribution to access to good health care services of the entrepreneurs in Zaria Local Government Area, Kaduna State.

Discussions

The finding on the ability of the informal business owners to access good health care services in Zaria Local Government Area, Kaduna State shows statistically significant difference. The statistically significant different on contribution of informal business owners to access good health care services before joining business and informal business owners to access good health care services after joining the business indicates that informal businesses plays a very crucial role on access to good health care services in the study areas. The findings of this study prove the poverty theory of individualistic theory which indicates that those who work hard succeed while the weak fail to succeed giving rise to the non-poor and the poor respectively. The finding shows that there is a significant difference on contribution of informal business to access good health care services before and after joining the business. This finding was in line with Philip, et al, 2013; Colin, 2015; Duru,
Conclusion

The study examined the Impact of Informal Businesses on Access to Good Healthcare Services of Entrepreneurs in Zaria Local Government Area, Kaduna State, Nigeria. The finding of the study was in line with the view of others empirical studies that informal businesses operations contributed immensely on access to good health care services in Zaria Local Government of Kaduna State, Nigeria. Based on the finding of this study, it is concluded that informal businesses greatly contribute to access to good health care services in Zaria Local Government of Kaduna State, Nigeria.

Recommendations

In the light of the foregoing, it is recommended thus:

i. The government should strive to strengthen the informal businesses in their operation by supporting the business with more capital to make them formal. Since the results reveals that informal businesses have significant contributions on access to good health care services of the entrepreneurs in Zaria Local Government Area, Kaduna State, Nigeria;

ii. There is need for the informal business owners to expand the scope of their businesses to be able to operate in the formal sector. Since the study found that informal businesses contribute significantly to access to good health care services in Zaria Local Government Area of Kaduna State, Nigeria.

References


