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Trade Openness and the Development of Informal Economy in Enugu State, Nigeria

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Abstract

This study examines the neoliberal thesis which contends that trade openness could support the economic recuperation and development of the peripheral states. Particularly, it reviews the current trade regimes in Nigeria with a view to understanding how they impacted the livelihood of informal economy operators in Enugu state. The study argues that the dismantling of Nigeria's territorial borders through various trade policies of government negates the development of the informal economy in Enugu state by stifling the growth of small and medium enterprises (SMES) and leading to a general decline in the income and wellbeing of small scale business operators. It notes that trade openness is a ploy by the western capitalist states to perpetuate their dominance in the international political economy to the detriment of peripheral states, whose productive forces are still at a rudimentary stage. The theoretical foundation of the study was situated within the prismatic compass of Dependency theory while triangulation of data, involving review of official documents and other relevant literature as well as the use of questionnaire was deployed in this study. From the findings, the study recommends that Nigeria should reappraise its trade policies to stimulate the development of the informal sector and enhance the wellbeing of the indigenous entrepreneurs.

Keywords: Trade openness; Small and medium enterprises; Informal economy; Livelihood; Productive forces.

1. Introduction

Growing debates and consensus within the mainstream of liberal economic suggest that the dismantling of territorial borders or succinctly put, an unfettered access to the international market by nations of the world would be fundamental in stabilizing the international political economy which was hitherto devastated in the aftermath of the global economic depression of the early 1980s. This agreement further gained considerable momentum following the evolution of Washington Consensus in 1989, where the international financial institutions such as the International Monetary Fund and the World Bank, prioritized the harmonization, lowering, removal or elimination of quantitative restrictions or barriers to trade as veritable tool for facilitating even development across the globe. By lowering prices of commodities and increasing competition, Ikenson (2006) argued that trade openness engenders efficient management of resources and allows trading partner's mutual gains from the trade and services. Pettinger (2012) observed that trade openness allows countries to specialize in the production of goods and services where they have comparative advantage, enabling a net gain in economic welfare. Most fundamentally, the present interconnectedness, interdependent linkage, and the shrinking of the international system through the phenomena of globalization, has inadvertently opened national borders, allowing free movements of capital, goods and services across states.

As a corollary, Nigeria's quest to derive the assumed benefits of trade openness facilitated the country's subscription and subsequent implementation of the Structural Adjustment Programme (SAP) in the 1980s. Okolie and Nnamani (2015), had previously argued that the historical antecedence of neoliberal economic agenda in Nigeria is rooted in colonialism and neocolonialism. Colonialism and neocolonialism facilitated the integration of Nigeria into the global capitalist economic order where the country was perpetually assigned the primary producer of goods and services (Okolie and Nnamani, 2017; Okolie *et al.*, 2020). Nigeria's membership of the global capitalist economic order has involuntarily made it vulnerable to external arising from the fluctuations in the prices of essential commodities. Indeed the vulnerability of Nigeria to the external economic shocks manifested in the 1980s when the country responded to the oil-glut induced great depression which led to decline in the prices of oil, a commodity that accounts for more than 90 percent of the its export earning and a major contributor of the Gross Domestic Product (). Consequent upon the falling oil prices, there were sharp declines in foreign reserves, overvalued naira, mounting external debt, alarming proportions of unemployment and balance of payment crisis.

Given the constant paucity of funds arising from the associated dwindling oil revenue, together with the indices of economic crisis illustrated above, Nigeria, according to Okolie and Nnamani (2015), were pressured by the international financial institutions to implement neoliberal economic agenda as a palliative measure and conditionality for accessing loans. Consequently, the IMF-World Bank economic policy packages embodied in President Babangida's SAP provided overt encouragement to the foisting of an unregulated and dependent capitalist development agenda, while allowing only a supportive role for the state in a refurbished economic environment of highly reduced government ownership and control of enterprises. In the same vein, as part of the plan and design to deepen and widen the scope of its trade relations with the world, Nigeria subscribed to the Economic Community of West African States Trade Liberalization Scheme in 1990, essentially to reduce tariff and non-tariff barriers to trade. The sole aim of the scheme was to establish ECOWAS as a custom union with a common external tariff which would allow free movement of goods and services within the West African sub-region.

Meanwhile, the ascension of President Olusegun Obasanjo as the President of Nigeria in 1999 provided an opportunity for Nigeria's re-subscription to the economic doctrinaire of neoliberalism under the aegis of National Economic Empowerment and Development Strategy (NEEDS). The NEEDs program was designed specifically to once again, roll out government's control of the economy and subsequently enthrone an economic agenda based on market principles. NEEDS reform was necessitated by the observed ineptitude, ineffectiveness and inefficiency of the defunct command system whichhad impelled the economic development of Nigeria (Nnamani, 2015). At the core of the commitment towards the liberalization of Nigeria's economy is the adoption and implementation of trade openness, seen as a veritable tool for advancing the economic growth and development of the country (NEEDS, 2004). The prioritization of trade openness was rooted in the idea that the dismantling of all forms of barriers to trade has the capacity to significantly affect not only the formal but also stimulate the growth and development of the informal economy through job creation, income generation and crime reduction.

As part of the commitment towards the liberalization of the economy of Nigeria, the NEEDS agenda prioritized trade openness as a veritable tool of advancing the economic growth and development of the country (NEEDS, 2004). The prioritization of trade openness is not unconnected with the growing arguments and beliefs held and shared at different quarters that the dismantling of all forms of barriers to trade, has the capacity to significantly and positively affect not only the formal economy but also stimulate the growth and development of the informal economy through job creation, income generation and crime reduction. Specifically, the NEEDS trade openness objective was to"drastically reduce the uncertainty and unpredictability of the trade policy, harmonize trade practices with those of other ECOWAS countries, respect Nigeria's obligations under the multilateral and regional trade system and create competitive environment in which Nigerian businesses, particularly those within the purview of informal economy, can compete and flourish at the global and regional level" (NEEDS, 2004). Also, it aims at aggressively promoting gradual sequence of import liberalization and export-led growth strategy that will take advantage of globalization and external trade opportunities that regional and international trade arrangements offer.

Furthermore, the NEEDS-trade liberalization drive was designed to enhance the growth of industries that have been hampered by narrow domestic market opportunities, promote technological innovations and diversify foreign earnings. Most fundamentally, NEEDS approach sought to adopt a tariff structure that is consistent with the globally accepted trade practices in other to provide local producers access to capital goods and raw materials which are essential to boosting the productive capacity of the small and medium scale enterprises and in turn, assist in poverty reduction, job creation and revenue generation for the government.

However, despite the implementation of various trade openness policies manifesting in the domestication of ECOWAS Trade liberalization scheme, lowering of tariffs, elimination of exemptions, institution of market determined exchange rate and removal of fiscal disincentives and regulatory deterrents to export, the informal sector touted as the engine of the economic development of the Nigeria has largely remained unviable and underdeveloped. For instance, the President of the Nigerian Association of Chambers of Commerce, Industry, Mines and Agriculture (NACCIMA), Herbert Ajayi reported that more than 800 firms operating in the informal sector of Nigeria's economy wound up between 2009 and 2011 due to the harsh operating business environment (http://punchng.com/272-firms-shut-one-year-man/). Also he observed that the companies that have survived are having serious challenges as more than half of them have been classified as ailing while the situation of the 'surviving' industries pose great threats to the survival of the informal firms.

Amidst the neoliberal economic regime, although several studies such as Carr and Chen (2001), Goldberg and Pavcnik (2003); Soares (2005); Fiess and Fuguza (2012); Lourenco (2014); and Heid (2013) evaluated the interconnection between trade reform and informal economy growth, such studies only drew specific illustrations from the Latin America and equally ignored how it affected the productive capacity of the operators of the informal economy. Again while we cannot out rightly relegate the study by Matthew and Azuh (2013) in Nigeria, it is apposite to state that such work only examined the impact of trade openness on wage differential between formal and informal workers. Meanwhile, glaring evidences suggest the absence of systematic study or inquiry on the linkage between trade openness and the development of informal economy in Nigeria. Given the dearth of scientific studies on the trade openness and development of informal economy on the development in Nigeria, the present study attempts to fill this gap with a specific attention to understanding whether the trade regime enhanced the productive capacity of the industrial subsector of the informal economy of Enugu State.

2. Theoretical Underpinning of the Study

The theoretical basis of this study is situated within the prismatic perspective of the dependency theory as developed and popularized by Third World Scholars such as Dos Santos (1970), Frank (1976;1981), and Amin

(1974;1976). The dependency theory emerged in response to the concerns of the gap between the rich and poor countries and that economic growth in the industrialized states did not lead to economic prosperity of the developing states. It specifically emerged to counteract the modernization thesis of development which situated the causes of underdevelopment in peripheral societies on endogenous factors or traditional value systems such as ascriptive orientations, primordial loyalties, dependency, affective relationship and collectivism. Rather, these theorists collectively averred that underdevelopment in most developing countries is linked to the expansion of the global capitalist system which has sustained dependent but asymmetrical relationships between the centre-industrialized countries and the peripheral/the underdeveloped states.

Dependency is a historical condition which shapes a certain structure of the international political economy such that it favours some states at the expense of others and inhibits the development possibilities of the subordinate economies….a situation in which the economy of a certain group of countries is conditioned by the development and expansion of another country, to which their own is subjected (Dos Santos, 1970). Expatiating further, Ake (2002) noted that an economy is dependent to the extent that its positions and relations to other economies in the international system and articulation of its internal structure make it incapable of auto-centric development. Fundamentally, economic dependence simply means the incapacity of a country to control its productive processes such that the country’s economy depends on foreign economy for direction and control through regulations and foreign economic institutions which directly or indirectly regulates its growth or expansion.

Historically, third-world economic dependence is tied to Western European capitalist expansion and Imperialism. European capitalist expansion was necessitated primarily by the internal contradictions of capitalism in Europe, or what Lenin (1917) referred to as the crises of profitability as reflected in reducing consumption capacity of the ever increasing mass production of goods; increasing cost of labour and increasing cost of raw materials. The panacea for these profitability crises according to Lenin (op cit.), required economic expansion overseas to open up new regions for investments, which will in turn guarantee cheap source of raw materials, access to cheap foreign labour and access to new global consumer markets. This process culminated to the integration of the hitherto self-sufficient third world countries into the world capitalist system and subsequent exploitation and underdevelopment of the third world. However, on the flip side, this same process aided the growth of industrial capitalism in the West in a bid to meet the aforementioned needs at the expense of the third world (Webster, 1989). In examining this dynamics, Frank (1981) asserted “development and under development are two different sides of a universal historical process”. To him, the same process of capitalist expansion which led to development in Europe and America, led to underdevelopment in the third world or what he termed the ‘development of underdevelopment’. Webster (1989) and Nkrumah (1965) delineated this process into historical epochs namely: Mercantile Capitalism (1650-1850); Colonialism (1850-1960s) and Neo-Colonialism (Post Independence).

In his analysis of third world dependency, Frank (1976) divided the world capitalist economy into two major components namely the metropolis and satellite. This typology is synonymous with Immanuel Wallerstein's center and periphery world systems classification (1976). The thrust of the dependency theory is the position that third world or peripheral countries are underdeveloped and poor because their economy were fused into the center capitalist economy through the aforementioned historical processes thereby leaving them dependent on the core economies (Randall and Theobald, 1998). The capitalist world economic system is organized to ensure a perpetual domination of the periphery by the core and dependence of the periphery on the core thereby ensuring a continual flow of economic surplus from the satellite/periphery to the metropolis/center (Eme, 2013).

This theoretical perspective therefore is germane in apprehending the failure of the neoliberal economic agenda in Nigeria under the SAP and NEEDS regime. Trade openness was primarily invented to perpetuate the dominance of the industrialized countries in the international political economy. By advocating for relaxation of impediments to trades across the globe and at the same time evolving measures in restricting the penetrations of goods and services in their country, the arrangement appears to favour the centre-industrialized countries at the detriment of the peripheral states. It is essentially this unequal exchange that has sustained underdevelopment in the developing economies.

3. Method of Research

The study relied on the triangulation of data involving multiple usages of data collection techniques. The underlying rationale for this development is rooted in the idea that best researches are those that utilize a combination of methodological approaches to deepen and enrich research findings. It is also based on the assumption that mixed data collection among other things, helps to explain more fully, the richness and complexity of human behaviour (opinion, attitude and perspective about a particular phenomenon) by studying it from more than one standpoint in order to reduce biasness, achieve high level of reliability and validity of findings and enhance the understanding of the studied phenomenon. As a corollary, the present study relied on three data collection techniques comprising of documentary evidences, structured interview and use of questionnaire. Specifically, we gleaned data from documentary sources arising from vital information already documented in journal articles and official publications from Nigeria’s Ministry of Trade and Investment, World Trade Organization, Newspapers and other relevant online materials. Also we extracted key information from the executive members of the operators of the informal economy through structured interview. On the other hand, the study administered questionnaires on other members of the groups.

The study location, Enugu, is situated in the South East geopolitical zone of Nigeria. It is located within latitude 660.00’N and 70.00’N and longitude 70.00’E and 70.45’E. According to the 2006 Census, Enugu state has a population of 3,578,733 million people predominantly occupied mostly by civil servants and operators of informal economy. Meanwhile the populations of the study consisted of 55 and 173 registered members of the Shoe Dealers Manufacturing Association Ogbete Main Market and Enugu Motor Spare Parts Dealers Association Coal Camp Enugu respectively. Thus the entire population of the study is 55+173= 228. We determined the sample size by applying the Yamane (1967) formula as indicated below:

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

Where $n$is the sample size; N is the finite population, e is level of precision (or limit of tolerable error), 1 is unity (a constant). A 95% confidence level and P = 0.05 was assumed for Equation.

Applying the formula to the present study, we have:

$$n = \frac{228}{1+(228\times 0.0025)}$$

$$n = \frac{228}{1.57}$$

n = 145

From the above mathematical calculations, we have a sample size of 145 which shall be used for this study. In terms of the sample technique, we randomly selected 107 and 32 participants respectively from the Shoe Makers/Shoe Dealers Manufacturing Association, Ogbete Main Market Enugu and Enugu Motor Spare Parts Dealers Association, Coal Camp Enugu for the administration of the questionnaires since each subset of the population has the equal chance of being selected. Thus, atotality of 139 questionnaires was administered on 139 respondents.

On the other hand, the study purposely conducted structured interviews on 3 members, each from the executive committee of the two unions. Altogether, 6 participants were interviewed. The main goal of purposive sampling is to focus on particular characteristics of a population that are of interest, which will provide the necessary information to enable the researcher answer the research questions raised (Smith, 1983). In this study, we focused on the Presidents, the General Secretaries and Public Relation Officers of the two unions because they are better positioned, equipped and experienced to furnish us with the relevant information in respect to the dynamics of events in the informal economy. Again, the pieces of information we sought was not attitudinal but rather on how the implementation of the trade liberalization has undermined the growth of the informal economy of Enugu State, of which only the selected leaders are in a position to provide.

Subsequently, data was analyzed quantitatively using simple descriptive statistics such as frequency means and percentages. In the same vein, the study adopted content analysis for data generated through documentary sources. To determine the strength of the relationship between the independent and dependent variables, the study employed the Chi-Square.

4. Analysis of Data and Findings of the Study

This section was analyzed under the following sub-headings:

- Trade openness policy and the attitude of local consumers in Enugu state
- Trade liberalization and the performance of the informal economy in Enugu State
- Attitude of the government and production capacity of the operators of the informal economy

4.1. Trade Openness Policy and the Attitude of Local Consumers

As noted in the introductory part of this section, the opening of the economy of Nigeria for unhindered trade and investment with both state and non-state actors in the international system was facilitated through the invocation and strengthening of the extant legal provisions enshrined in Nigerian Investment Promotion Council Act of 1995 and Foreign Exchange (Monitoring and Miscellaneous Provision) Act No. 17 of 1995; accession and domestication of ECOWAS Trade Liberalization Scheme Protocol A/P1/03 of 31st January 2003 and Bali Treaty of 2013 reached at the Ninth Ministerial Conference of the World Trade Organization in Bali, Indonesia and subsequently; the enactment and enforcement of Pioneer Status Incentive Regulations of 2014.

However, since the relaxation of all the impediments or barriers to unfettered access to trade and investment in line with the liberalization drive of the country, an inspection of the importation credential of Nigeria has revealed that its import net worth has grown exponentially from about 16 billion Euros in 2004 to more than 49 billion Euros in 2014 (European Union Commission Directorate General for Trade, 2015 cited in Nnamani (2015). Aside the officially reported importation profile of the country, there are still unofficial importation activities in Nigeria which has earned it an accolade of an import-dependent economy. Accordingly, the Governor of Cross River state, Prof. Ben Ayade recently lamented the state of slavery Nigeria has perpetually found herself since the attainment of self-government in the last five decades arising from its over dependence on imported goods. He believes that the Nigerian state is still in economic slavery as long as it feeds on imported food, live on foreign finished homes, cloth with imported garments, export her crude, import refined petroleum products, import medicines, weapon, tooth pick, singlet, socks and even under wears (http://shipsandports.com.ng/ayade-laments-nigerias-dependence-on-imported-goods/).

Thus, on the basis of the foregoing, the present study through the questionnaires distributed to the participants attempted to ascertain the dynamic character of the import driven status of the Nigerian state and its implication on local consumption in Enugu State. The first question posed to the respondents which essentially sought to understand the visibility rate of imported goods in the local market was analyzed below with the aid of SPSS:

Table-3. The Enugu State market is over-flooded with foreign made goods

	Frequency	Percent	Valid Percent	Cumulative Percent

Valid	Disagreed	47	39.8	39.8	39.8
	Agreed	71	60.2	60.2	100.0
	Total	118	100.0	100.0	

Source: Researcher's Fieldwork, 2020

From the figure illustrated in the above table, the study found that despite attempts made by local manufacturers to meet the local needs of the people, the foreign-made goods have continued to over-flood the local market. Statistically, 47 operators of the informal economy representing 39.8% of the total respondents countered the notion that the Enugu State market is over-flooded with goods imported from other countries. On the other hand, 71 participants representing 60.2% of the total respondents maintained and agreed with the question posed. However, the above positions of the respondents correspond with the views shared by Soludo *et al.* (2004); Omoh (2012) and Thisday (2016). The aforementioned uniformly argued that the liberalization of the external trade of Nigeria has culminated into the influx of cheap foreign goods in the local market which among other things squeezed the less competitive indigenous industries by encroaching on its market share and reducing its capacity utilization to less than 30%. In the same vein, the interview granted by the President of the Shoe Makers/Dealers Association, Ogbete Main Market, Mr. James Onyeji, revealed that the imported second hand shoes and sandals popularly known as *okrika* in the local parlance has dominated the local market and continued to receive high patronage from buyers.

Table-4. Enugu State consumers have more preference for local goods to foreign goods

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agreed	23	19.5	19.5	19.5
	Disagreed	95	80.5	80.5	100.0
	Total	118	100.0	100.0	

Source: Researcher's Fieldwork, 2020.

In the table above, the researchers were interested in understanding based on the rate of patronage, customers' preference between local and foreign made goods. Thus, the data generated shows that the 23 respondents representing 19.5% of the entire participants agreed that the Enugu State consumers have more preference for local goods to foreign goods. Conversely, 95 participants representing 80.5% of the total respondents disagreed with the question posed that the consumers prefer local goods to imported goods. Indeed, the response generated indicates that more consumers are disposed to patronizing foreign made goods than their local counterparts. On the factors responsible for this trend, the Secretary of the Enugu Motor Spare Parts Dealers Association, Chief Christian ChukwuUgwuoke, noted that most consumers have this time honoured inclination that all foreign made goods are of high quality and by extension, durable. In the same vein, one of the principal officers of the shoe dealers union interviewed argued that the consumers' preference to the imported goods is predicted on the wide price difference. According to Ugwoke, most customers abandon locally made shoes due to the low price of the foreign made shoes when compared with their local counterparts. Meanwhile, the extant literature agrees with the positions of the participants of the study. For instance, a study by Iroegbu-Chikezie (n.d) observed that consumers' lack of confidence in the locally produced goods arising from price differential, quality and durability remains the impediment to the patronization of local goods in Nigeria (http://thenationonlineng.net/preference-for-foreign-goods-threatens-local-brands/). Also, Ajibade *et al.* (2016) opined that Nigerian's preference to foreign goods is anchored on durability, quality and social status.

4.2. Trade Liberalization and the Performance of the Informal Economy in Enugu State

One of the indicators for measuring the performance or health of an economy is by understanding the productive capacity of a given country. When a country produces and receives high patronage from the local consumers, its economy is reputed to be viable and healthy and vice versa. In the preceding section, the findings of the study revealed that the trade openness among other things was responsible for the influx of goods and services produced and imported from abroad in Enugu state in particular and Nigeria in general, with its concomitant effect on the health of the economy. Thus, this section through the responses elicited from the participants of this study systematically examined the performance of the informal economy of Enugu state amidst the increasingly and over-saturation of the study area with imported goods and service.

Table-5. The unbridled resort to foreign goods discourages local production of goods in Enugu State

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagreed	17	14.4	14.4	14.4
	Agreed	101	85.6	85.6	100.0
	Total	118	100.0	100.0	

Source: Researcher's Fieldwork, 2020.

Owing to the established discovery in the preceding section of this study which found that foreign goods and services have permeated the local markets of the study area as well as assumed the consumers preference, the researchers were particularly interested in understanding how the undue advantage enjoyed by foreign products has affected the production of locally made shoes and motor spare parts. Thus, from the table above, 17 participants representing 14.4% of the entire respondents disagreed that the consistent crave and patronage of foreign made shoes and motor spare parts discourages the production of its locally counterpart. Whereas, 101 participants representing

85% of the entire population agreed that the unbridled resort to foreign goods by local consumers has serious and negative implication on the production level of shoes and motor spare parts.

Supporting this claim, the President of the Shoe Dealers Association, Ogbete Main Market Enugu, Mr. Okafor, noted that the influx of foreign made wears particularly *Okrika* shoes undermines the development of locally made ones in Enugu State. He observed that people from different local governments and other neighbouring states usually converge in the market every Tuesdays and Wednesdays to unveil and purchase second products imported from other countries. When questioned on the issue of the capacity to meet local demands, the President insisted that the shoe makers and dealers have the ability to massively produce for consumers in the state if only there is a viable market to sell their products.

In the same vein, Omoh (2012) argued that Nigeria's propensity to rely and excessively consume foreign made goods which could have been sourced locally has resulted in the continued low capacity utilization and low production in Nigeria-based companies and industries, resulting in high unemployment figures in the country. Also, Ekeng and Ewah (2010) lamented that there is too much preference for foreign shoes in Nigeria due to the consumers' lingering colonial mentality and inferiority complex, which resulted to the massive importation of the product, thereby, negatively affecting the production of local wears in the country.

Table-6. Consumers' inclination to foreign goods has stifled income generation for local production

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagreed	26	22.0	22.0	22.0
	Agreed	92	78.0	78.0	100.0
	Total	118	100.0	100.0	

Source: Researcher's Fieldwork, 2019.

Having ascertained the negative linkage between massive patronization of foreign goods and drastic decline in the production of locally made shoes, the study further sought to understand how the consumers' consistent purchase of imported shoes has stifled income generation which would have been redirected in the massive production of local goods. As seen in the table above, 26 out of 118 participants representing 22% of the entire respondents disagreed that the consumers' inclination to foreign has no adverse effect on income generation for local production. On the other hand, 92 operators of the informal economy sampled representing 78% of the entire participants agreed that the incessant purchase of imported shoes by consumers stifles income generation for the production of locally made shoes.

The view of the majority illustrated in the above table is consistent with the findings of the interviews granted by some selected executive of the Shoe Makers and Motor Spare Parts Association. Generally, those interviewed agreed that the more local consumers patronize foreign made shoes, the more production decreases, and the more income which would have been diverted to massive production of more goods stagnates.

Table-7. Decline in the incomes of local producers has led to the retrenchment of workers

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagreed	20	16.9	16.9	16.9
	Agreed	98	83.1	83.1	100.0
	Total	118	100.0	100.0	

Source: Researcher's Fieldwork, 2019.

Logically, when there is decline in income arising from low patronage of local goods due to the existence of supposedly superior foreign goods usually preferred by consumers, it translates to low production of the goods. In the table above, the researchers were interested in further understanding the implication of the decline in income and fate of workers of the operators of the informal economy. From the data elicited by the participants of the study, we found that 20 people representing 16.9% of the respondents disagreed that the decrease in the incomes of the local producers has not negatively affected the workforce of the informal economy. Contrarily, 98 participants representing 83.1% of the total respondents agreed that the decline in the income of local producers has led to the retrenchment of workers. The consequence of the retrenchment of workers is shortfall in the productive capacity of the informal economy.

Table-8. Retrenchment of workers has decreased productivity

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagreed	29	24.6	24.6	24.6
	Agreed	89	75.4	75.4	100.0
	Total	118	100.0	100.0	

Source: Researcher's Fieldwork, 2019.

Labour, which embodies the physical and mental strength of man applied in the production process, has been widely recognized as the most important factor of production. The preponderant role of labour can easily be ascertained if it is apparent that no matter the sophisticated level or character of other factors of production, they cannot be useful without the physical and mental efforts of human beings. As a corollary, the above table was an attempt by researchers to investigate whether the retrenchment of workers has any negative effect on the production of goods and services in the informal economy of the target area of the study. Meanwhile, data generated revealed that 29 out of 118 participants opined that the harmonization of workforce arising from decline in income has no negative effect on the quantity of goods produced. On the other hand, the 89 participants representing 75.4% of the total respondents agreed on the subject matter of the question posed to them.

Supporting this claim, the task force Chairman of the Shoe Makers Association in Ogbete Main Market Enugu, Mr. Agbo Emmanuel, centered his argument on the axiom that two heads are better than one. According to him, there is no basis for comparing a firm with many hands and another with few hands as the former will always produce more than the latter. He lamented that the continual decrease in the income of the most operators of the informal economy has contributed in the reduction of expected workforce which has inexorably reduced the productive capacity of their various firms.

Table-9. Consumers' preference of foreign goods has led to the closure of manufacturing firms

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagreed	26	22.0	22.0	22.0
	Agreed	92	78.0	78.0	100.0
	Total	118	100.0	100.0	

Source: Researcher's Fieldwork, 2019.

In the above table, the researchers' desired to know whether the incessant resort to foreign goods by local consumers has significant effects on the survival of manufacturing firms operating in the informal economy of Enugu state. Indeed, the data illustrated in the table shows that 26 participants representing 22.0% of the entire respondents noted that the consumers' preference of foreign goods has not led to the closure of some firms in the informal economy. Conversely, 92 participants representing 78% of the entire respondents agreed that the consumers' preference of the foreign goods has frustrated some of the shoe makers and motor spare parts manufacturers out of operation and existence.

4.3. Attitude of the Government and Production Capacity of the Operators of the Informal Economy

Table-10. Government policies tends to favour foreign goods than local manufacturers

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagreed	13	11.0	11.0	11.0
	Agreed	105	89.0	89.0	100.0
	Total	118	100.0	100.0	

Source: Researcher's Fieldwork, 2019.

The question above was posed to ascertain if government policies tend to favour the foreign investment more than local investors. Thus, the responses culled from the questionnaire demonstrated that 13 participants representing 11% of the entire respondents disagreed that that government policies have only favoured the foreign investors. On the other hand, 105 respondents representing 89% of the entire participants believe that government's policies have been tailored to suit the demands of the foreign investors at the detriment of their local counterparts.

In their respective opinions, the Presidents of Shoe Makers and Motor Spare Parts Manufacturers Association agreed with the views of the majority of the above respondents. They agreed that while government is consistently implementing and harmonizing different policies aimed at making the business environment conducive for foreign investors, the former has done little in complement the efforts of the local firm operators. They frowned at a situation where government would implement tax holiday for foreigners and at the same time, impose different taxes on local investors which inexorably undermine the growth of local investment.

On further independent inquiry, the researchers found that the Federal Government through Ministry of Industry, Trade and Investment evolved and implemented incentive policy measures such as strengthening of the Nigerian Investment Promotion Council, introduction of pioneer status which exempts investors from paying tax for a specified period of time, provision of infrastructural facilities where foreign investment is sited and numerous others (http://www.nigeriaembassyusa.org/index.php?page=investment-incentives).

Table-11. Lack of Infrastructure undermines the performance of Informal Economy in Enugu State

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagreed	3	2.5	2.5	2.5
	Agreed	115	97.5	97.5	100.0
	Total	118	100.0	100.0	

Source: Researchers' Fieldwork, 2019.

Availability of critical infrastructure is essential to industrial development particularly in the informal sector. Thus, infrastructural deficiency negates the growth and sustainability of small and medium scale industries. In view of the foregoing, the last question essentially sought to understand whether there is any significant linkage between infrastructural deficit and the performance of the informal economy in the study area. From the data response of the participants of the study, we found that only 3 people representing 2.5% of the entire respondents disagreed with the question posed while 115 participants agreed that lack of infrastructure frustrates any attempt at increasing the quantity of industrial goods produced in the selected subsector of the informal economy.

In the same vein, the result elicited from the questionnaire also aligned with the views expressed by some executive members of the Shoe Makers and Motor Spare Parts Manufacturers Association. They unanimously noted that shortage of power supply is the bane of massive production of wears and motor spare parts in the state. According to them, the money expended in the purchase of diesel for the running of generator has increased the cost of production, thereby, reducing the quantity of goods produced by the industrial subsector of the informal economy.

Meanwhile, studies such as Chete *et al.* (2016) and Obokoh and Goldman (2016) also emphasized on the effect of infrastructural deficit on the production of goods and services in the industrial subsector of the economy. Specifically, Chete *et al.* (2016) argued that the current infrastructure base in Nigeria is grossly inadequate in terms of capacity and quality and is not capable of catering for the anticipated industrial development. Furthermore, the study lamented that despite government investments, Nigeria still has huge infrastructure deficits, particularly with regards to power generation. According to them, the current power generation capacity is less than 2000 Megawatt, which is about 20 per cent of the estimated national demand.

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	101.088[a]	1	.000		
Continuity Correction[b]	95.530	1	.000		
Likelihood Ratio	97.816	1	.000		
Fisher's Exact Test				.000	.000
Linear-by-Linear Association	100.232	1	.000		
N of Valid Cases	118				

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 5.07.
b. Computed only for a 2x2 table

In the above table, the study found that the value of the Chi-Square (calculated) is 101.088 and is greater than 0.05. In view of the decision of the rule of the study which stated that we should reject Ho if $X^2 > 0.05$ and accept if otherwise, it is safe to conclude that the implementation of the trade openness has undermined the productive capacity of the industrial subsector of the informal economy in Enugu state.

5. Conclusion

Going by the findings of the study, it is evident that Nigeria's indoctrination into the global capitalist socio-economic formation through colonialism and institutionalization of neoliberal economic reforms including trade openness were merely aimed at not only distorting the development trajectories akin to the indigenous value system, but also perpetuating policies which vitiate the strength of regional markets and exposed it to the monstrous manipulations and dictates of the merchants of imperialism. Nigeria's trade reform was essentially designed to specifically serve the interest of the metropolitan states. This explains why the informal economy has failed to drive the economic development of Nigeria amidst the promises made by the trade openness reform. As local consumers prioritize foreign goods at the expense of locally made ones, the motivation for the operators of the informal economy to engage in small scale business are lowered while the wherewithal to survive is threatened, thereby undermining the productive capacity of the group.

As a corollary, the study notes that the Nigerian government must place premium on the development of the productive forces presently at its rudimentary form. Indeed, priority must be accorded to the development of areas such as home-grown technology, local resources and indigenous manpower. Secondly, Nigeria must provide the necessary environment for informal economy to flourish through the provision of critical infrastructure, credit facilities and other incentives. Most fundamentally, the government should adopt measures that protect the interest of operators of indigenous informal economy against unhealthy rivalry with their foreign counterparts.

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