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ECONOMIC EFFECTS OF COVID-19 PANDEMIC ON ACTIVITIES OF TIPPER TRAILERS BASED IN OYO TOWNSHIP

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ABSTRACT

The spread of the corona virus (Covid-19) is an unplanned crisis to the world economy. The confinement measures to limit the number of patients that need intensive care have put large parts of the global economy on pause for several weeks. Nigeria, like all the nations of the world, is navigating uncertain times. This incidence has brought about major economic and commercial

Introduction

Pandemics are defined as large-scale outbreaks of infectious disease that can greatly increase morbidity and mortality over a wide geographic area and cause significant economic, social, and political disruption (Madhav, Oppenheim, Gallivan, Mulembakani, Rubin and Wolfe, 2018) Findings suggests that the tendencies of pandemics has increased over the past century because of increased global travel and integration, urbanization, changes in land use, and greater exploitation of the natural environment (Jones, Patel, Levy, Storeygard, Balk and others 2008; Morse 1995). Pandemics can cause economic problems through different channels, comprising short-term and longer-term negative impact to economic development. Individual behavioral changes, such as low level of attachment to workplaces and social gathering places are a primary cause of negative shocks to economic growth during pandemics.

effect being experienced locally. Therefore, this study investigated the likely local economic effects of the pandemic on tipper trailers operators based in Oyo town. Effect Size method of sample size determination for moderate precision was adopted. The main instrument used in this study for data collection is a self-directed open ended questionnaire. The major finding revealed that there was a drastic fall in number of trips embarked upon the sample population representing sixty percent (60.0%) fall in their operations directly reducing level of income. It was suggested that capacity to mobilize financial resources to pay for disease response and weather the economic shock of the outbreak should be put in place.

Key words: *Corona virus, Covid-19, Pandemic, Economic activities, Tipper trailers*

Since emerging in the Chinese city of Wuhan late last year, the corona-virus disease has spread to many countries and territories infecting people and killing over globally. To stem further spread of the virus, authorities around the world implemented measures to lock down countries and cities to varying degrees. That includes closing borders, shutting schools and workplaces, and limiting large gatherings. The COVID-19 pandemic has had far-reaching consequences beyond the spread of the disease itself and efforts to quarantine it. As the SARS-CoV-2 virus has spread around the globe, focuses have shifted from production side to mitigate the spread and the services sector. The pandemic has caused the largest global recession in history, with more than a third of the global population at the time being placed on lockdown (*Business Insider Australia,2020).* Bluedorn, Gopinath, and Sandri, (2020) writes that the COVID-19 pandemic has pushed the world into a recession. The economic damage is mounting across all countries, tracking the sharp rise in new infections and containment measures put in place by governments. China was the first country to experience the full force of the disease, with confirmed active cases at over 60,000 by mid-February. European countries such as

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Italy, Spain, and France are now in acute phases of the epidemic, followed by the United States where the number of active cases is growing rapidly. In many emerging market and developing economies, the epidemic appears to be just beginning. Lars and Werner (2006) estimate of the macroeconomic cost of a pandemic in Europe is high, as they have investigated a rather severe medical scenario with a mortality rate higher than that of the Spanish influenza in Europe in 1918-1920. Fear of a massive outbreak of the avian flu, reaching pandemic proportions, has led to an interest in other pandemics in history, particularly the two major catastrophes of the bubonic plague or Black Death in the mid-14th century and the Spanish influenza in 1918-19.

However, there have also been many pandemics of lesser magnitude. Potter (2001) identifies about 10 pandemics in the past 300 years, arguing that there is a recurrent although not regular periodic pattern, so that we should not rule out the possibility of new medical disasters of this type in the future. According to Kilbourne (2005), the world was hit by three

pandemics in the 20th century: the Spanish influenza in 1918, the Asian influenza in 1957 and the Hong Kong influenza in 1968. Of these, the Spanish flu was by far the most severe, killing between 30 and 60 million. Studies of the macroeconomic impact in the past of pandemics and of other major diseases such as SARS and HIV/AIDS have attempted to quantify the consequences in terms of lost output and growth. However, there is little consensus. A study by Brainerd and Siegler (2003) noted that the 1918-19 pandemic in the US actually increased economic growth in the 1920s. Similarly, using a theoretical economic model, Young (2004) argues that the AIDS epidemic in South Africa will increase net future per capita consumption. While Bell and Gersbach (2004) find strong negative effects.

Garret (2007) writes that most of the evidence indicates that the economic effects of the 1918 influenza pandemic were short-term. Garret (2007) also noted that many of the businesses, especially those in the service and entertainment industries, suffered double-digit losses in revenue. Other businesses that specialized in health care products experienced an increase in revenues. Verikios, Sullivan, Stojanovski,

Giesecke and Woo (2011) analyzed the global economic effects of two influenza pandemics that represent extremes along the virulence-infectiousness continuum of possible pandemics: a high virulence-low infectiousness event and a low virulence-high infectiousness event. Their findings indicated that global economic activity will be more strongly affected by a pandemic with high infection rates rather than high virulence rates, all else being equal. At the regional level, regions with a higher degree of economic integration with the world economy will be affected more strongly than less integrated region. Òscar , Sanjay and Alan (2020) summing up their findings, noted that the great historical pandemics of the last millennium have typically been associated with subsequent low returns to assets. Smaller responses are found in real wages, but still statistically significant, and consistent with the baseline neoclassical model. And that pandemics are followed by sustained periods over multiple decades with depressed investment opportunities, possibly due to excess capital per unit of surviving labor, and or heightened desires to save, possibly due to an increase in precautionary saving or a rebuilding of depleted wealth.

Africa, because of its openness to international trade and migration, is not immune to the harmful effects of COVID-19, which are of two kinds: endogenous and exogenous. The **exogenous effects** come from direct trade links between affected partner continents such as Asia, Europe and the United States; tourism; the decline in remittances from African Diaspora; Foreign Direct Investment and Official Development Assistance; illicit financing flows and domestic financial market tightening, etc. The **endogenous effects** occur as a result of the rapid spread of the virus in many African countries. On one hand, they are linked to morbidity and mortality. On the other hand, they lead to a disruption of economic activities. This may cause, a decrease in domestic demand in tax revenue due to the loss of oil and commodity prices coupled with an increase in public expenditure to safeguard human health and support economic activities (AGOA.Info,2020). Still, studies of the past give us valuable information about the proper assumptions to make when "guesstimating" the macroeconomic impact of future pandemics. It is important to assess the socio-economic impact of

COVID-19, although the pandemic is at a less advanced stage in Africa due to its lesser quantity of international migrants' arrivals relative to Asia, Europe, and North America, and strong precautionary measures in some African countries. Yet this study is to fill this gap by examining the likely macroeconomic effects of a pandemic on tipper trailers operators based in Oyo township.

Justification for the study

The 2019 novel coronavirus (2019-nCoV) or the severe acute respiratory syndrome corona virus 2 (SARS-CoV-2) as it is now called, is rapidly spreading from its origin in Wuhan City of Hubei Province of China to the rest of the world (Wang, Horby, Hayden & Gao, 2020). The COVID-19 outbreak has since spread to many countries across the globe. While there are ongoing efforts to curtail the spread of infection which is almost entirely driven by human-to-human transmission, it has accounted for over 400,000 confirmed cases with over 18,000 deaths. CSEA (2020) noted that beyond the tragic health hazards and human consequences of the COVID-19 pandemic, the economic uncertainties, and disruptions that have resulted come at a significant cost to the global economy.

The rapid outbreak of the COVID-19 presents an alarming health crisis that the world is grappling with. Anyawu, (2020) noted that in addition to the human impact, there is also significant economic, business and commercial impact being felt globally. He further stated that Nigeria, like all the nations of the world, is navigating uncertain times. Nigeria's vulnerabilities to the impact of these external shocks can be adduced to increased dependencies on global economies for fiscal revenues, foreign exchange in flows, fiscal deficit funding and capital flows required to sustain the nation's economic activities (Anyawu, 2020). To curb the spread of the Corona virus, authorities around the world implemented lockdown measures that have brought much of global economic activity to a halt. Many businesses have been forced to reduce operations or shut down, and an increasing number of people are expected to lose their jobs. For example, in Hungary alone, about 40 to 50% of hotel reservations have been canceled. Also, the pandemic is placing up to 8

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million jobs in the leisure and hospitality sector at risk, with travel crashes and cancellations expected to continue (CSEA, 2020). Therefore, there is need to start examining the impact the economy and business activities.

Research questions

1. Is there any difference in mode of operation before and since the pandemic reaches the country
2. Is there any impact of the interstate lockdown on your operations?
3. Does the pandemic affect number of trips made?

Methodology

Descriptive research method is used in this study. Survey design is use as a systematic means of data collection in carrying out this study. The population for the study is made up of forty-four (44) respondents which are total number of drivers of the all tipper trailers operating and based mainly in Akunlemu and Eleekara parks of the area under study. Effect Size method of sample size determination for moderate precision was adopted. With sample calculation having a moderate multiplier of 0.60 on total number of 44 drivers. Effect Size method of sample size determination for moderate precision was adopted. This amounting to 0.60 x 44 drivers which is 26.4 that is approximately equal to 26 as the sample size. The main instrument used in this study for data collection is a self-directed open ended questionnaire. The validity text was carried out through split half method, which gave a co-efficient of 0.76. The method was adopted because it gives an indication of the extent to which the test items represent the universe of attributes or adequacy of the content sampled.

Findings and Discussion

This chapter presents statistical analysis of the data collected from the respondents to test the research questions formulated for the study. The information presented in table 1 represents the number of trips embarked upon by each of the tipper trailer examined. However note that the data does not take into cognizance the difference in trips distance that is grouping based on the local and interstate trip. Focus

was mainly on the number of trips per week which in turn influences their income.

Table 1: Tipper trailers number of trips

Respondents	Number of trips per week		
S/N	**Before Pandemic lock down**	**During Pandemic lock down**	**Remarks**
1.	10	03	Decline
2.	15	04	Decline
3.	12	02	Decline
4.	09	03	Decline
5.	08	00	Decline
6.	12	05	Decline
7.	15	06	Decline
8.	11	05	Decline
9.	10	04	Decline
10.	12	06	Decline
11.	06	03	Decline
12.	08	00	Decline
13.	18	05	Decline
14.	09	00	Decline
15.	15	04	Decline
16.	10	03	Decline
17.	14	06	Decline
18.	08	03	Decline
19.	14	06	Decline
20.	10	04	Decline
21.	06	02	Decline
22.	16	06	Decline
23.	12	04	Decline
24.	06	00	Decline
25.	10	04	Decline
26.	12	03	Decline
Total	**251**	**101**	**Decline**
Averagely:	**251÷ 26 = 9.65**	**101 ÷ 26 = 3.88**	

Source: Authors field work 2020.

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The data as presented in table1 shows the number of trips embarked on averagely per week before and after covid-19 pandemic hits the country. The comparison of all the responses clearly indicates declines in the number of trips individually and generally. Averagely the twenty six drivers make approximately ten (10) trips per week before the pandemic surface in Nigeria, this has currently decline to an average of approximately four (04) trips per week. This represents sixty percent fall in the number of their usual trips. The respondent attributes the current downturn to side effect of the state and interstate lockdowns. They identify that few number of trips that they have opportunity to embark on was due to the fact that Oyo state is not under the total lockdown rule. Therefore, to makes ends meet the tipper trailers that are well known for interstate trips now engages in local trips so as to be able to fend for themselves. Hence most of the drivers depends on wages to keep their various family running. This finding is in line with report of Bell and Gersbach (2004) and Lars and Werner (2006) who found strong negative effects and estimates the macroeconomic cost of a pandemic in Europe to be high respectively. Further lockdown rules will no doubt cripple the activities at the local level, most especially those who depends on daily income to survive.

Conclusion

The economic consequences of the Corona virus will depend on a number of factors, including: the direct effects of confinement measures to limit its spread; the required duration of these measures; the extent to which the direct economic effects persist and magnify; and the size of spillovers and spillbacks across states. The importance of the lockdown is no doubt highly essential; however, there should be a way to balance the equation between it and the economic activities mostly at local levels to ensure economic sustainability. Mitigating a pandemic will require cooperation and planning by all levels of government and the private sector to achieve better results.

Recommendations

*Based on the result of the findings, the following recommendations were made:

- Capacity to mobilize financial resources to pay for disease response and weather the economic shock of the outbreak should be put in place.
- There is need to put in place Public health infrastructure capable of identifying, tracing, managing, and treating cases with ability to protect citizens from a pandemic.
- Public education on contagious diseases may be the best ways to protect people in the event of a future pandemic.

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