

Resiliency of the Informal Economy Amidst the Pandemic in CARAGA Region: A Case Study

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Abstract:

The informal economy refers to all economic activities carried out by informal sector and informal workers that, either legally or practically, are not covered or partially covered by formal agreements, exists not just in the Philippines but also in other countries. Its business and economic transactions are not taxed neither registered with the government regulating agencies, and its employees are not protected by the legal framework, does not have work contracts, secure work incomes benefits, and social protection. The government enforcement of enhance community quarantine to combat the COVID 19 crisis have laid bare-pre-existing gaps on resiliency of informal economy players in the Caraga region as there was no mitigating measures on what are the ways its people would do to survive. This study aimed to describe the livelihood status and illustrate the resiliency of the informal economy before, at the start, and at the present condition of its members as the basis for an intervention program. A qualitative multiple case study was adapted and used a semi-structured interview guide to gather data which focuses on the resiliency of the 12 key informants who are the members of the informal economy in the Caraga region. The findings of the study revealed that the respondents livelihood status before pandemic was sustainable and there were sufficient alternative means of living; during pandemic, the effects were loss of income or business, unstable alternative job, insufficient income and unavailability of livelihood support from the government; with the recent ease on government restrictions, there were respondents who got their jobs back, however, there were also who did not. The study further revealed these common characteristics manifested by the participants that demonstrated their resiliency were: Problem-Solving Ability, by being able to acknowledge a problem or crisis and able to provide safe solutions; Survivor Mentality, by accepting that the current situation is unavoidable and stretching all the available resources to make ends meet and has lived within means; Resolute Personality, by demonstrating determination and unshakeable hope to stand back up amidst crises; and, Optimism, by demonstrating a positive perspective, forward-looking, hopeful and strong-willed individuals to carry on with the challenges brought by pandemic. Lastly, these distinct qualities had enabled the participants to look for alternative ways and means to cope with the different stresses brought by the crisis and empowered them to become resilient to the potential dangers and adverse effects of the pandemic.

Keywords: Resiliency, informal sector, informal workers, pandemic (COVID 19)

Introduction:

At the end of December 2019, an infectious disease called COVID 19, formerly known as 2019-nCoV, spread in the city of Wuhan, China. This virus then began to transmit to other countries resulting in the declaration by the World Health Organization (WHO) as a pandemic in March 2020. The Philippines was one of the countries affected by the Covid-19 pandemic.

The pandemic had affected all facets of human life, particularly the informal economy. The informal economy consists of independent, self-employed small-scale producers and distributors of goods and services and they are commonly include the underpaid workers in urban space. There are usually two concepts in the informal economy, namely the informal sector and informal workers. The informal sector belongs to a community doing businesses that is not taxed and is not under the government's supervision, while the informal workers are a group of communities who are not registered nor protected by the legal framework, do not have work contracts, and secure work incomes benefit from their employers, according to the International Labor Organization Geneva (1993).

The Philippine government embarked on several measures meant to deal with the pandemic and has made several decisions to minimize the spread of the virus, such as calls for lockdown, implementing physical distancing, restrictions on activities involving large crowds, and large-scale social restriction policies. The existence of this policy certainly had affected the economic conditions of the society. Limited community activity caused a weakening of economic productivity, especially the informal sector and informal workers which affects their daily means of living.

In Caraga region, there were groups of informal sectors listed in the locality with the biggest shadow economy. The identified informal sectors were the street food vending, junkshop buyers and hollow block makers, whose income were unreported or undeclared to the government. There were also informal workers listed in the region with the biggest underground economy whose employment is unprotected with no fixed wage from a shadow labor markets. The identified informal workers included the tricycle drivers, carwash workers and barber shop workers who were living just above the poverty.

The informal sector and workers had lost their income-generating opportunities due to the COVID-19 pandemic. Daily source of income were relatively more affected by the economic crisis because these groups of individuals did not have a stable source of income and did not have any financial guarantees in the event of loss during a crisis (Mehrotra, 2009).

The main purpose of this study is to investigate the resiliency of the informal economy amidst the pandemic in Caraga region in order to come up with a program to address the vulnerabilities of the informal sectors and workers. This research also aims to describe the livelihood status of the informal workers and sectors before the pandemic and illustrate the resiliency of the informal economy to cope with the Covid-19 pandemic as a basis for an intervention program.

The researcher was interested to focus on the resiliency of the informal economy as it deals with human capital which is one of the driving forces of the country and the researcher's field of discipline. The Covid-19 pandemic generated new workforce patterns that represent a significant challenge for human resources professionals, managers, researchers and practitioners. In the era of Covid-19, the human resources professionals and practitioners felt the need to support national and local governments to also look into the welfare of the informal economy. Yawson (2020) has claimed that the future of work after Covid-19 will not be a new normal but a next normal to ensure HRs will receive rapid and strategic flexibility analysis under unexpected circumstances. Further, Hite and McDonald (2020) have claimed that human resources should be proactive in addressing urgent needs to provide the resilience for individuals' post-Covid-19 pandemic, hence, the researcher had conduct a study in this field, this paper.

Literature Review:

The informal economy plays a crucial role in sustaining livelihoods, particularly in developing regions like the Caraga Region in the Philippines. Defined by the International Labour Organization (ILO, 1993) as economic activities outside formal regulations, the informal sector includes street vendors, tricycle drivers, and small-scale producers who operate without legal protections or stable incomes. The COVID-19 pandemic exacerbated vulnerabilities within this sector, as lockdowns and economic restrictions disrupted income streams (Mehrotra, 2009). This literature review examines existing research on the informal economy's resilience during crises, focusing on the Caraga Region's case study. It explores themes such as livelihood sustainability, coping mechanisms, and policy responses, while grounding the discussion in theoretical frameworks such as Dudley Seers' (1971) development theory.

The informal economy encompasses workers and enterprises operating without formal registration, legal protections, or social security (ILO, 1993). Globally, it constitutes a significant portion of employment, particularly in developing nations where formal job opportunities are scarce (Bankable Frontier Association, 2020). The COVID-19 pandemic disproportionately affected informal workers due to their reliance on daily wages and lack of financial safety nets (Yawson, 2020).

Studies by Mehrotra (2009) highlight how economic crises deepen poverty among informal workers, as they lack access to unemployment benefits or government aid. Similarly, the Bankable Frontier Association (2020) reports that informal workers in Southeast Asia faced severe income losses during lockdowns, with limited access to relief programs. These findings align with the Caraga study, where participants reported job losses and unstable alternative incomes.

Resilience in the informal economy is often characterized by adaptive strategies such as diversification of income sources, reliance on social networks, and entrepreneurial innovation (Hite & McDonald, 2020).

These findings resonate with Yawson's (2020) research on workforce adaptability, which emphasizes the need for strategic flexibility in crises. Similarly, Hite and McDonald (2020) argue that resilience in informal economies stems from self-reliance and community support, as formal safety nets are often inaccessible.

Government interventions during the pandemic, such as the Philippine Social Amelioration Program (SAP), provided temporary relief but were insufficient for long-term recovery (Mehrotra, 2009). The Caraga study revealed that while some participants received food packs and financial aid, many lacked sustainable livelihood support. This aligns with global findings that informal workers often fall through policy cracks (Bankable Frontier Association, 2020).

Dudley Seers' (1971) development theory underscores the need for inclusive policies addressing poverty, unemployment, and inequality. The Caraga study supports this, recommending targeted livelihood programs for informal workers rather than one-time cash aid. Similar proposals have been made in other studies, advocating for skills training, microfinance access, and social protection schemes (Yawson, 2020).

The Caraga study employed a qualitative multiple-case design, using semi-structured interviews to capture lived experiences (Yin, 2014). This approach aligns with grounded theory methodology (Glaser & Strauss, 1967), allowing

themes to emerge inductively from participant narratives. Member checking and triangulation were used to enhance trustworthiness (Birt et al., 2016), ensuring findings reflected authentic experiences.

However, limitations such as small sample size (12 participants) and regional specificity may affect generalizability. Future research could expand to comparative studies across regions or incorporate mixed-methods approaches for broader insights (Cresswell, 2013).

The literature underscores the informal economy's vulnerability during crises, yet also highlights its resilience through adaptive strategies. The Caraga study contributes to this discourse by identifying key resiliency traits and advocating for sustainable livelihood programs. Policymakers must prioritize inclusive development strategies, as suggested by Seers (1971), to strengthen informal workers' economic security. Further research should explore long-term recovery models and evaluate policy effectiveness in post-pandemic rebuilding.

Methodology:

This study employed a qualitative multiple case study design using an inductive, bottom-up approach. This method allowed the researcher to generate insights grounded in the lived experiences of informal economy workers in Caraga Region. The research aimed to explore the resiliency of selected individuals operating within the informal economy amid challenges, such as the COVID-19 pandemic. Guided by the inductive logic typical in qualitative research, the approach enabled the emergence of patterns and themes from participants' narratives rather than from pre-established theories.

The study was conducted across six cities in the Caraga Region: Bayugan, Bislig, Butuan, Cabadbaran, Surigao, and Tandag. These sites were selected due to their high concentration of informal workers. Participants included 12 individuals: six (6) informal workers (two carwash workers, two barbers, and two tricycle drivers) and six (6) self-employed individuals (two hollow block makers, two junk shop buyers, and two street food vendors). They were selected using non-probability purposive sampling based on inclusion criteria such as at least 1–3 years of experience in their respective informal occupations. Formal enterprises and those registered with government agencies were excluded.

The primary research instrument was a semi-structured interview guide developed by the researcher and validated by field experts. The researcher, with an enumerator's assistance, conducted interviews via telephone to comply with COVID-19 protocols. The interview guide had three parts: (1) participant profile, (2) livelihood status before the pandemic, and (3) resiliency strategies during and after the pandemic. Prior to data collection, ethical clearance was obtained from the Institutional Review Board (IRB), and informed consent was secured from all participants. Each interview lasted approximately one hour.

Results and Discussions:

Theme 1: Problem-Solving Ability

The informal sectors and informal workers both possessed the attribute of being a problem-solver. When the pandemic hit the country, strict quarantine measures were implemented. Consequently, people lost their jobs and businesses were forced to close down. The members of the informal economy were quick to think of ways and means how to still survive and provide for the basic needs of their families. A person who possesses problem-solving ability is able to acknowledge a problem or crisis and able to provide safe solutions.

"I continued to work as a health worker. When pandemic came, my business was stopped. It was very challenging. I had few laborers and I also asked them to stop. I stop operating my business. I am focusing on farming." – Hollow block Maker 1

"So, my husband only caters to those who would like to walk in at our home. That's why we really had a hard time and there were also no subsidies given." – Barber 2

"I have a brother who is a fisherman. I go with him to catch fish. It was only for the time being while the shop was closed. It was only an alternative." – Barber 1

"We have a small farm lot and we grow some plants and vegetables. I grow corn, banana... together with my husband because there was no other source of income available." – Hollow block Maker 1

"We grow ornamental plants in our backyard. When pandemic started, it was also the time that Facebook became trending and one of my children posts our plants online." – Scrap Buyer 2

"The time that I stayed at home, there were people who came over to have their motorcycle fixed then I earned something." – Scrap buyer 1

"Planting vegetables, sideline as "pakyaw" in the construction." -Tricycle Driver 1

"One of my children, when there was fish available for resell, she goes by the neighborhood and sell fish. That was done every three days. They are a group of young people who would agree on a certain day to go sell fish." – Barber 1

"We also sought help from our family members."- Hollow block Maker 2

"Sometimes, I ask help from my siblings." – Tricycle Driver 2

Survivor Mentality

When dealing with the Covid-19 crisis, it was revealed that the members of informal economy exhibited the survivor mentality. They avoided thinking like there's no solution to the situation, instead they viewed themselves as the key to survive. They have accepted that the current situation is unavoidable and stayed focus on living and surviving. The participants stretched all the available resources to make ends meet and has lived within means.

"When pandemic struck, it was such a big problem to my family. My parents, I feel pity for them. I could see that all our income was used up to buy food so we could survive." – Food Street Vendor 2

"We were in shock when the pandemic started. Making pastel is our only source of living. When the lockdown started, we did our best to still make a living and survive. I sometimes sold dresses (dry goods) or any produce like cassava, sweet potatoes and banana from our small farm in the mountain. It was really a difficult time for us." – Barber 2

"Right now, even if my business did not anymore operate, we could still survive. I did not attempt to open my business again due to some constraints." -Hollow block Maker 1

"I only do gardening and house cleaning. My part time job is only an on-call basis, Ma'am. Sometimes they would call me 3 times a week. It's not permanent but I was able to survive."- Carwash 1

"We were not able to sustain our business because our capital was used up for our food for survival. Around 10k was our capital. We used to sell unripe mangoes, guavas, etc. -Food Street Vendor 2

"My scrap-buying business was stopped. The savings I mentioned was used up." -Scrap Buyer 1

"During that time, since the health protocol was still very strict, my income was only good for our food. No more other expenses. The budget was very tight. Around half of my income was lost." -Barber 1

"My income was really affected. I had trouble that time because I no longer have savings and I could no longer buy scrap. I have scraps pending for delivery to Cebu. That's why my business was frozen, and my other resources were consumed. Since we could not go out because of the control mechanisms of the government, like the color coding. People really follow the coding system. Meaning all our movements were being controlled and monitored. As a result, our income was negatively impacted. In short, this pandemic brought so many problems and troubles in the lives of people not just in the area of finances but also in areas of food and health." – Scrap Buyer 1

Theme 2: Resolute Personality

Not everyone who go through certain crisis or difficulty is able to display courage and to act with conviction. However, for both informal sector and information workers, there were those who still demonstrated determination and unshakeable hope to stand back up amidst crises.

"I still open my business, but it slowed down. There were only very few sellers. There are no more street children who deliver their scrap. They used to be our primary provider of scrap goods." – Scrap Buyer 2

"And because it is still pandemic, we have to be wise and continue making pastel and deliver them to our customers" – Barber 2

"I had part time jobs. Sometimes I am asked to work at a construction. I need guts specially that I am married. I can't be weak for my family."- Tricycle Driver 1

"Right now, we continue to sell ornamental plants and continue to buy scraps at the same time."- Scrap Buyer 2

"I'm still driving tricycle. It's better this time compared to the time that the pandemic started where lockdown was

strictly implemented. Right now, I could already carry around 3 to 4 passengers although I still limit it to a maximum of 3 to keep the social distancing policy. The price increase of gas is also a burden. I also plant vegetables for additional support.” – Tricycle Driver 1

“You have to be wise, Ma’am and work hard enough in order to earn a living. I ask help from my friends for any jobs to get through the day.”- Carwash Worker 1

Theme 3: Optimism

The members of the informal economy also demonstrated a positive perspective, forward-looking, hopeful and strong-willed individuals to carry on with the challenges brought by pandemic.

“My wife is now managing the business today while I am looking for a job here or abroad.”- Hollow block Maker 2

“I am now back at driving my tricycle. This is now my full-time job. I am confident this time because I am now vaccinated and other people as well. The income is better compared to when the pandemic started although it is still far from the comfort before pandemic.”-Tricycle Driver 2

“To cope with the difficulties we experienced, we bear in mind to always think positive and help each other out.” – Food Street Vendor 2

“I am still planning to look for a job again, Ma’am. I will look for a more stable job in the future.” – Carwash Worker 1

“For the government, I suggest they would provide livelihood instead of money so that people won’t become lazy. Any job even if low-income earning but permanent like utility worker.” – Tricycle Driver 1

“If there are programs from the government that could help us, it would be better.”-Barber 1

“I am looking forward that our situation will be back to normal and hopefully, we could seek help from the government as well.”- Barber 2

“There are three of us in the family. I am the second of three siblings. I am also planning to pursue college studies.”- Food Street Vendor 2

Summary of Analysis

The themes that emerged from the study described the resilient character of the members of informal economy at the height of Covid-19 Pandemic. These characteristics allowed the participants to look for alternative ways and means to cope with the different stresses brought by the crisis. It helped them become resilient to the potential dangers and adverse effects of the pandemic. It had been reported that not all of them received financial support, yet they still showed optimism to still go on with life. Considering that the majority of the participants have 3-4 kids, yet they did not position themselves as victims. There were no statements that they ever blamed someone or the government of their situation. They acknowledged and accepted the pandemic as something uncontrollable and that everyone is affected by it.

Based on the responses of the participants, it was observed that both the informal workers and sectors claimed to have sufficient income and sustainable livelihood before the pandemic.

At the start of the pandemic, their livelihood was greatly affected in the sense that their employers closed the shops resulting in loss of their income. They had sideline jobs such as online selling, fishing, and farming although they were unstable.

While the pandemic is still ongoing, shops have already reopened but the experience is still the same. There are fewer customers giving them lower income. There is a participant doing gardening in their small backyard to plant vegetables, and ornamental plants like plantitas and plantitos which products she sold to their neighbors and earned additional income. These acts characterizes the participants’ resiliency amidst the pandemic.

In the study of COVID-19 and Labor Markets in Southeast Asia in December of 2021, it reported that in the first quarter of 2020, the employment-to-population ratio (EPR) remained well below – or had fallen once again below its precrisis level. Specifically, the ratio remained below its precrisis level by 3.5 percentage points in the Philippines. Additionally, the Philippines accounted for a disproportionate share (between 22% and 45%) of job losses at the height of the pandemic’s impact on labor markets in 2020. In the study, it reported that Philippines had the most displaced workers which 52% of those who lost jobs became unemployed. But as COVID-19 destroyed jobs and

pushed millions below the poverty line, the social protection response across the region was significant. The Social Amelioration Program expanded its coverage from 17% to 69% of the population. It is so that there were research participants who also received financial assistance from the LGU during the height of the pandemic although not all of them. Figure 3.5 of the same study reported the Covid-19 Response Measures and Financial Reallocation wherein there was a temporary employment for informal sector workers but none of the participants were a recipient of the program. In the study of Macroeconomic Impact of Covid-19 In Developing Asia reported that unskilled workers, women, informal sector workers, and foreign migrant workers were heavily impacted. Particularly at risk are the workers in the informal sector in which around 7 in 10 workers in the region are in the informal economy. Based on these reports, it is then a fact that informal sectors and informal workers were one of those who got affected by the pandemic. However, regardless of how it affected them, the participants were able to stand up to the test of time and showed resilience to be able to get back to their feet. The outstanding characteristics based on the results of the interview are problem-solving ability, resolute personality, optimism, and having a survivor mentality.

Summary of Findings:

There were 12 participants who qualified and voluntarily participated in the study. The cases presented in this study investigate the life statuses of the participants before pandemic, during pandemic and their situation at the time of the interview.

The study revealed that both informal sectors and informal workers who participated in the study described their livelihood as sustainable and sufficient before pandemic came to the country.

At the start of the pandemic, both participants from informal sector and informal workers experienced loss of job/business, insufficient earning, unstable alternative jobs, and unavailability of livelihood support from the government. Majority of them received food packs while a few received financial assistance through the Social Amelioration Program. The informal workers similarly suffered from loss of job and were not able to claim employment protection benefits. There were no significant differences observed as every because of the nature of business and job security of informal economy.

At the time of the interview, there were participants who were able to reopen their business while some of the workers were able to get back to their jobs. However, there were also businesses who did not reopen and workers who are still jobless.

Both informal sectors and informal workers demonstrated problem-solving ability, survivor mentality, resolute personality and optimism during the pandemic. The themes that emerged in the study revealed the kind of character that the participants possessed during the pandemic period. It helped them look for alternative jobs like sideline at a construction site, fixing motorcycles, selling food and dry goods online, and most of them grew plants, vegetables and crops which were sold in their neighborhood and/or consumed by their families.

This study supports the development theory of Dudley Seers (1971) which redefined development as a reduction of poverty, inequality and unemployment within the context of growing economy. The study involved the members of the informal economy which were greatly affected by the Covid-19 pandemic.

Additionally, it was found out that social policies to address economic stress may not be enough to bring back the livelihood of the informal economy.

Implications:

This study reported that some participants were able to get back to work and some businesses were able to re-open, however, the income was insufficient and were relatively low due to lack of customers or clients as there were still quarantine restrictions in their places. Also, there had been no livelihood programs available. Additionally, it was revealed that before the pandemic, the informal economy consisting of the informal sector and informal workers had income enough to cover the daily living expenses. As one of the participants mentioned before the pandemic, he would be exhausted because of the volume of customers he had at the barber shop.

However, during the pandemic, this totally changed in response to the government orders to temporarily close businesses including barber shops because of the rising number of Covid-19 cases. This as well is true to most of the informal sectors which experienced a decline in the number of customers. Although there was financial assistance provided, the participants utilized it to buy food and other necessities to cover only a short period of time. This leaves most of the participants to continue to have difficulties in terms of sustainable earnings. Thus, it is only important that programs can be initiated to aid the members of the informal economy so that their needs can also be sustained.

In relation to the development theory of Dudley Seers (1971), following the findings of the study, an intervention program dedicated to the members of the informal economy must be in place and for it to be part of the development

goals of to help the members of informal economy bounce back.

Recommendation:

This study was to investigate the resiliency of the members of the informal economy in this trying time in the Caraga region. After thorough presentation and analysis of the 12 cases, a sustainable livelihood program and enterprise development for the informal economy in Caraga region is hereby recommended. The project proposal is anchored with the DSWD program in participation with the local government units and other government agencies. The participants were not involved in the crafting of the program; rather, the researcher focused on the available support offered by the government.

Conclusion:

The study on the resiliency of the informal economy in the Caraga Region amidst the COVID-19 pandemic highlights the remarkable adaptability of informal workers despite systemic vulnerabilities. Findings reveal that before the pandemic, participants had sustainable livelihoods, but the crisis led to severe income loss, unstable alternative jobs, and insufficient government support.

Despite these challenges, informal workers demonstrated key resiliency traits—problem-solving ability, survivor mentality, resolute personality, and optimism—enabling them to navigate economic hardships through alternative livelihoods such as farming, online selling, and temporary labor.

The study underscores the limitations of existing social protection programs, which provided short-term relief but failed to ensure long-term recovery. This aligns with Dudley Seers' (1971) development theory, emphasizing the need for policies that reduce poverty, inequality, and unemployment. The findings suggest that livelihood programs, rather than one-time cash aid, are crucial for empowering informal workers. Recommendations include skills training, microfinance access, and stronger government-LGU collaboration to create sustainable economic opportunities.

This study contributes to the broader discourse on informal economy resilience, offering insights for policymakers, researchers, and development practitioners aiming to strengthen economic recovery strategies in post-pandemic settings.

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