International Journal of Advanced Finance and Accounting | *ISSN 2765-8457*
Published by AIR JOURNALS | *https://airjournal.org/ijafa*
12011 WestBrae Pkwy, Houston, TX 77031, United States
airjournals@gmail.com; enquiry@airjournal.org

RESEARCH ARTICLE

Survey of Economic Effect of Covid 19 Pandemic on Performance of SMEs in South East Nigeria

Onuh Jonathan Echobu[1], Prof. Inyiama Oliver Ikechukwu[2]
[1--3]**Department of Accountancy, Enugu State University of Science and Technology, Nigeria**

Accepted: December 6th, 2022	Published: December 10th, 2022

Citations - APA

Onuh, J. E., & Inyiama, I. O. (2022). Survey of Economic Effect of Covid 19 Pandemic on Performance of SMEs in South East Nigeria. *International Journal of Advanced Finance and Accounting, 3(5), 67-79, DOI: https://doi.org/10.5281/zenodo.7423781*

ABSTRACT

This study is a survey of economic effect of COVID 19 pandemic on performance of SMES in South East Nigeria. The specific objectives of the study are to access the effect of lockdown, movement restrictions, market closure and social distancing on performance of SMES in South East States during COVID-19 era. The outbreak of coronavirus also known as COVID-19 towards the end of year 2019 disrupted the Nigerian economy. The evolution of the disease and its economic impact is highly uncertain, which makes it difficult for policymakers to formulate an appropriate macroeconomic policy response. In order to better understand possible economic outcomes, this paper explored the impact of the disease outbreak on Small and Medium Scale Enterprises performances in South East of Nigeria. Small and Medium Scale Enterprises have undeniably played significant roles in the economic development of many countries globally. This role performed by the SMEs has been disrupted by the global coronavirus pandemic. The pandemic brought about lockdown in economic activities (movement restrictions, market closure and social distancing). Thus, these restrictions and controls of the movement have particularly affected small and medium enterprises in Nigeria. The study adopted a survey research design. Data were obtained through a questionnaire administered to 278 SMEs in Nigeria. The data were analyzed using descriptive and regression analysis using SPSS. The findings of the study indicated that owners/managers of SMEs who participated in the study rated the variables of COVID-19 (lockdown, movement restriction, market closure, and social distancing) on a high level which implies that they adversely affected SME's performance. Therefore, the study recommends that proactive plans should be put in place for SMEs in anticipation of events such as COVID-19 that can hurt businesses.

Keywords: *COVID-19 Pandemic; Performance of SMEs; South East Nigeria*

Introduction

The outbreak of Coronavirus famously known as COVID-19 greatly affected SMEs in Nigeria even though small and medium scale enterprises undeniably is critical to the growth and development of the global economy. The SMEs subsector is a good source of job creation which have aided in the development of local technology and source of development to indigenous entrepreneurs (Alaye-Ogan, 2012; Erdem, 2011), and enormously contributed to nation-building (Aderemi, Olu-Young, Taiwo, & Adejumo, 2019; Tehseen & Ramayah, 2015). The SMEs sector contributed more than 90% of all economic activities and more than 50% of all employment opportunities globally and also, accounted for more than 40% of GDP in developing nations (Garba, 2020). SMEs sub-sector in Nigeria, as obtains in other parts of the globe, performs a key role in the economic development of the country. They accounted for 90% of all businesses in Nigeria (Gbandi & Amissah, 2014).

According to World Bank SMEs are businesses with a maximum of 300 employees. In Nigeria, SMEs are regarded as businesses with less than 50 employees and capital which includes; the cost of machinery and equipment less or equal to ₦600,000 ($1,600) which is owned independently with the hope of generating profit and meeting sales standard (CBN, 2018). Statistics from the National Bureau of Statistics indicated that the number of SMEs in Nigeria was estimated to be 41.1 million (ILO, 2017). The distinctive nature of SMEs was a result of the use of local raw-materials, employment generation, promotion of rural development, nurture entrepreneurial activities, mobilization of savings locally, and opportunity for self-employment (Aderemi, Ojo, Ifeanyi, & Efunbajo, 2020).

The benefits that SMEs provided was later affected by the advent of the noval disease called corona virus or COVID-19. The world history depicts that infectious diseases like COVID-19 have wreaked havoc among numerous countries. The continuous and emerging global convergence is also influencing the speed of the spread of these infectious diseases. According to the World Health Organisation (WHO), the world has witnessed emergence of several disease outbreaks and epidemics caused by more than 20 infectious agents over the past decade. The emergence of coronavirus-associated diseases (SARS and MERS) inflicted global challenges to public health systems. SARS-CoV-2 (the causative agent for coronavirus disease COVID-19) is the latest addition to this expanding list of novel agents. WHO declared COVID-19 a public health emergency of international concern on 30 January 2020 and a pandemic on 11th March, 2020.

However, Covid-19 Pandemic has a devastating effect on human and material resources and it is one of the greatest events that history will continue to remember. The pandemic spread across the globe without obstacles and the worst that affected the global economy since the great depression (Erdem, 2011; IMF, 2020; WHO, 2020). The case first emerged in Wuhan, China, in 2019 which result in a toll of death that extends to almost all countries of the world (Akanni & Gabriel, 2020). The total number of confirmed cases across the globe was 16, 301,736 as of 28th July 2020, whereas casualties stood at 650,069. In trying to control the spread of the pandemic factories, markets, places of worship were closed, as well as restrictions of movement of people, goods, and service. This always echoed its effect on the activities of SMEs globally.

Business organizations were not prepared for the pandemic, despite the call by the Public Health Research Institute to adopt precautionary measures on the emergency of such type of events, except big firms were able to take a bold step plan against the pandemic. It is anticipated that the US GDP will likely decrease to 3.8 percent for 2020 due to the pandemic (Hatzius, Philips, Mericle, & Struyven, 2020). Furthermore, Igwe (2020), stressed that the global economy will witness the worst economic recession as a result of the pandemic. The global economy is predicted to record economic losses through three outlets: supply chain, demand, and the financial market. These outlets hurt businesses, household consumption and international trade.

In Nigeria, the case of the pandemic was first discovered on 27th February 2020. The Nigerian Centre for Disease Control (NCDC) recorded 41,804 cases as of 28th July 2020, out of this number 18,704 were discharged and 868 deaths. The SMEs sector in Nigeria has been seen as a tool that propelled the economy because of its ability to promote productivity, generate employment as well as improving the welfare of the people (Abosede & Onakoya, 2013). In an attempt to halt the spread of the pandemic, the government take various measures ranging from the closure of borders, restrict the movement of people, goods, and services, as well as the closure of markets and

worship places. Therefore, on 29th March 2020, the government declared a total lockdown in three states, thus; Lagos, Ogun, and the Federal Capital Territory, Abuja, preventing all activities that are not essential in all those states. Afterward, the remaining states were also lockdown as well as banned on interstate movement except for essential services. This is one of the major reasons why many studies on the effect of COVID19 on SMEs in Nigeria cannot be overlooked in the time of this global pandemic. However, many analysts have predicted a decrease in aggregate demand and supply, declining in exports, and an increase in government expenditure due to the negative effects of lockdown among various sectors of the Nigerian economy. Furthermore, this lockdown will probably make the situation terrible for SMEs in the country. As rightly indicated SMEs form the larger businesses in Nigeria with 141.1 million SMEs spread across the country, which employed more than 70% of the working population in the country (ILO, 2017). This indicates that large proportions of people in Nigeria are involved either directly or indirectly in SMEs. Then, any adverse economic shocks echoed by the COVID-19 pandemic on these sub-sectors put more than 70% of the working populace exposed to the unique virus. There are also no enough research on this area hence this study on economic effect of coronavirus (COVID 19) on the performance of SMEs.

The main objective of this study is on the survey of economic effect of COVID 19 pandemic on performance of SMES in South East Nigeria.

The specific objectives are to:

1. Investigate the effect of COVID-19 lockdown on performance of SMEs in South East States of Nigeria.
2. Appraise the effect of COVID-19 motivated movement restrictions on performance of SMEs in South East States of Nigeria.
3. Assess the effect of market closure in COVID-19 era on performance of SMEs in South East States of Nigeria.
4. Examine the effect of social distancing on performance of SMEs in South East States during COVID-19 era

The hypotheses stated in null form are denoted by (H_0):

i. **H_{o1}:** There is no significant effect of COVID-19 lockdown on performance of SMEs in South East States of Nigeria
ii. **H_{o2}:** There is no significant effect of COVID-19 motivated movement restrictions on performance of SMEs in South East States of Nigeria
iii. **H_{o3}:** There is no significant effect of market closure during COVID-19 era on the performance of SMEs in South East States of Nigeria
iv. **H_{o4}:** There is no significant effect of social distancing on performance of SMEs in South East States during COVID-19 era

Review of Related Literature

Conceptual Review

Concept of Coronavirus (COVID-19)

'Coronavirus' is an infectious disease that is popularly referred to as COVID-19 (Moore, 2020; Ohia, Bakarey, & Ahmad, 2020). The virus was first discovered in Wuhan, China which was spread globally. The virus can infect human beings and animals which causes different types of respiratory sickness. The sign of the infection are running nose, sneezing, cough, fever, sore throat, breathing disorder, etc. (Harapan et al., 2020; Ohia et al., 2020; Unhale et al., 2020). The disease is highly infectious (Shereen, Khan, Kazmi, Bashir, & Siddique, 2020). Many people that were infected with the virus experience respiratory disorder and do not require any treatment to recover. Mostly, the elderly and those with medical problems such as cardiovascular disease, diabetes, chronic respiratory disease, and cancer are developing severe sickness. Therefore, the only way to prevent and reduce the spread of the virus is to be well enlightened about the deadly virus, its sources, and how it spreads (WHO, 2020). The major avenues through which individuals are contacted with the virus are from the droplets of saliva/discharge from the nose when an infected person coughs or sneezes (Harapan et al., 2020). Therefore, it becomes necessary for people to adopt measures such as lockdown, social distancing, quarantine, and also, observation of simple hygiene which include; washing hands regularly, wearing facemasks, coughing into the flexed elbow, etc (Ohia et al., 2020). Although there

are still ongoing medical tests assessing possible treatment by many countries and international organizations like WHO. Until now there are no specific vaccines or treatments for the virus called COVID-19 (Shereen et al., 2020).

The Outbreak of COVID 19 and SME's Operation

The outbreak of COVID-19 has severely affected the SMEs' current performance and the overall business performance in different countries. Referred to (Kaberia & Muathe, 2020) study, SMEs' pandemic situation has a huge impact. It is based on the day-to-day operations that are disturbed at a higher rate (Gao et al., 2021; Liu et al., 2020; Su, Dai, et al., 2021). Despite making the policies and regulations for growth in the economy, there is a huge issue that is presented due to the reason for this pandemic situation in the previous year that has affected the performance of micro, small, and medium-sized enterprises (MSMEs). The businesses need to address the different issues that can be resolved by making contingency plans to develop better performance and profitability based on the study of (Donthu & Gustafsson, 2020; Su, Huang, et al., 2021; Umar, Rizvi, et al., 2021). According to the arguments of (Gong et al., 2020), the business environment is volatile and can be easily disturbed with the help of changing conditions in the country. Hence, the businesses must look out for operational changes and make certain contingency plans to adjust the performance and safeguard the current performance to gain higher revenue from the market (Liu et al., 2020; Su, Khan et al., 2020).

As referred to in the study of (Dev & Sengupta, 2020), SMEs are considered one of the most important aspects that contribute to economic growth and support the increasing Gross Domestic Product (GDP) of many countries. It increases the trade opportunities and helps create employment with the help of innovation, offerings, and aiding business functions and actions (Waiho et al., 2020). Therefore, the countries are always conscious about SMEs' performance in the countries that can support them in increasing the business performance to maintain positive results (Robinson & Kengatharan, 2020). However, (Amankwah-Amoah et al., 2021) have argued that SMEs' current performance in the country has been badly affected due to the current pandemic situation and increasing rate of COVID-19 in the country China. By the beginning of this pandemic situation, China's country has experienced an annual growth to drop to 2.4% in the year 2020 (Kamal, 2020). On the other hand, (Anup Kumar, 2020) has also highlighted that SMEs' current performance has decreased China's GDP below 5% year on year.

The study of (Liu et al., 2020) has also highlighted that it has created the global recession risk that has resulted in declining growth of the International Monetary Fund (IMF) by 2.5% a year. Secondly, based on the current situation of COVID-19 that has affected the performance of SMEs, it has been observed that it has affected each sector and has also created a decreasing rate of returns as far as the performance of SMEs is concerned (Robinson & Kengatharan, 2020). Based on the current COVID-19 situation, the investment and retail sales have decreased by 13.5%, 24.5%, and 20.5%, whereas the unemployment rate has increased and reached 6.2%. Therefore, as referred to in the study of (Amankwah-Amoah et al., 2021), the countries need to impose short-term and long-term risks and shall also design contingency plans that can be effective and can be restricted towards the activities that can be designed for reducing the risk of operations to manage the support in short-term and long-term performance in the country China. One of the researches carried out the case of Chinese SMEs; it has been observed that nearly 50 to 60% of the SMEs in the country are having difficulties in paying salaries to the employees, as referred to in the study of (Dev & Sengupta, 2020). Moreover, (Donthu & Gustafsson, 2020) have also highlighted that 13 – 16% of the enterprises based on SMEs also have pressure to address the loan payment pressure compared to the large enterprises

Lockdown, Movement Restriction, Market Closure and Social Distance Implementation on SMEs

The deadly disease (COVID-19) has spread to almost everywhere in the world at an incomparable level. Governments are uncertain when the virus will vanish and the infection decline. In trying to tackle the spread of the virus, many countries have lockdown all or part of their country in an attempt to prevent the spread of the virus. Therefore, because of the lockdown business and economic activities have been affected and have weakened the available human and economic resources such as workmen, materials, transport, etc (Craven, Liu, Mysore, & Wilson, 2020). This has caused the closure of many businesses and equally affected their performance. The lockdown, movement restriction, market closure, and social distancing as announced by the government has also truncated the movement

of goods and services which stand as the backbone and which the SMEs depend on for their smooth routine activities.

The notion of social distancing was also widely implemented by the small to medium enterprises that implement self-compliance measures on the workforce. It restricts their movements and interactions with the consumer base (She et al., 2020). Moreover, with the implementation of social distancing, it can be further stated that it discouraged the populace from frequent venturing for according purchases, thus reducing the possibility of small to business enterprises engaging with their consumer base, respectively (Ozili & Arun, 2020). Therefore, the notion of social distancing seems to serve the purpose of disrupting the contemporary business structure that is intertwined between the stakeholders such as the suppliers, consumers, distributors, businesses, and the financial intermediaries appropriately (Ozili & Arun, 2020). In line with the previously stated argument, it is deemed pertinent for the small to business enterprises to develop pertinent strategies that can mitigate the effects of the novel corona-virus and deem the small to medium business enterprises sustainable.

Theoretical Framework

This study was underpinned on System Theory. The System Theory by (Boulding, 1956; Bertalanffy, 1951) was made on the assumption that "the whole is more than the sum of its parts". Meaning that individuals perform different types of roles that result in specialization and segmentation, which eventually result in a common interdependence between units. A unit cannot stand and function without depending on others (Durkheim, 1984). Generally, there are three most known boundaries of social systems are Micro System, Mezzo System, and Macro System. Micro System refers to the small size social system example individuals and couples. The Mezzo System refers to intermediate size system example groups and extended families. Macro System refers to large systems example communities and organizations. However, each level stands as a unit of a whole with a different property that differentiates it from other systems (Friedman & Allen, 2011), which Bertalanffy referred to as the system's boundary. Thus, COVID - 19 is interpreted as an element that breaks the boundaries of well-being, and social systems, which are normatively defined.

Furthermore, many communities or societies give value to shared culture and interaction within families, communities, groups, and organizations, therefore, these societies commonly suffering major weak health structures and low health consequences. Hence, the spread of COVID-19 is inclined. The relevancy of this theory to this study is that organizations can use many plans (i.e., loosen or tighten) in responding to a challenging situation. Therefore, SMEs need to take appropriate safeguarding measures on huge tremors that may shake the society in the occurrence of tragedies such as COVID-19.

Empirical Review

Hamiza (2020) conducted a study on the impact of Coronavirus Lockdown on Small and Medium Scale Businesses in Arua Municipality, Uganda, findings of the study revealed that lockdown has a significant positive effect on SMEs performance in Arua Municipal of Uganda.

Ozili and Arun (2020) in their contribution, revealed that the increasing number of lockdown days, monetary policy decisions, and international travel restrictions have a significant positive effect on SME's performance. Furthermore, the findings indicate that restriction on internal movement and higher fiscal policy spending did not have a positive effect on SME's performance.

Abideen (2020) researched on Coronavirus (COVID-19) and the Survival of Small and Medium Enterprises in Abeokuta, Ogun State Nigeria. He adopted descriptive statistics after primary data were collected from small and medium scale enterprises in Abeokuta. The study finds that lockdown have negative impact on the performance of small and medium scale enterprises in the area.

Rathore & Khanna (2020) carried out effect research titled “From Slowdown to Lockdown: Effects of the COVID-19 Crisis on Small Firms in India”. Using a survey through a questionnaire administered to residents of India via email in

data collection and used descriptive analysis in their report. The findings revealed that lockdown have a significant positive effect on SME's performance. The findings indicate that economic activities, social activities, and religious activities during COVID-19 were affected by the disrupted transport services due to the pandemic.

Aderemi, Ojo, Ifeanyi, and Efunbajo (2020) carried out a critical study on the impact of Corona Virus (COVID-19) Pandemic on Small and Medium Scale Enterprises (SMEs) in Nigeria. The study adopted a survey research method that finds that COVID-19 lockdown impacted negatively on the performance of SMEs.

Another study by Agency (2020) on the analysis of Regional Policies on Businesses Reopening Support in China. This study was carried out to enhance China Economic Information Service. It adopted a descriptive statistic and finds out that the lockdown of small and medium scale enterprises has significant negative impact on the performance of SMEs in China. The study recommends an immediate strategy to re-open and support SMEs in China.

Abideen (2020) who conducted on Coronavirus (COVID-19) and the Survival of Small and Medium Enterprises in Abeokuta, Ogun State Nigeria, and the result of the study revealed that the COVID-19 sub-variables such as lockdown, movement restriction, and international travel restriction all have a significant negative relationship with the SMEs performance in Abeokuta, Ogun State Nigeria.

Mogaji (2020) carried out a study on the impact of covid-19 on transportation in Lagos, Nigeria. Using a survey method and descriptive analysis in his report, finds that restrictions on movement have a significant positive effect on SME's performance. The findings indicate that various SME's activities during COVID-19 were affected by the restrictions in movement due to the pandemic. Additionally, the increased cost of transportation, shortage or lack of transportation mode, and traffic congestion were identified as the effect of COVID-19 on transportation in Lagos State, Nigeria, which also led to the increase in the overall cost of living in the city as well as an increase in the cost of food items.

Akanni and Gabriel (2020) conducted a study on the implication of Covid19 on the Nigerian Economy - Centre for the Study of the Economies of Africa (CSEA). The study uses a survey design method and apply descriptive statistics in analyzing the data collected. The study discovered that the Covid-19 restriction significantly affected SMEs performance in Nigeria.

Andam, et. al (2020) research on the impacts of COVID-19 on food systems and poverty in Nigeria. The research uses simple frequency counts and descriptive statistics. The study finds that movement restrictions have greatly affected SMEs performance and as a result have caused food shortage and increased poverty rate in Nigeria.

Central Bank of Nigeria (2020) on a study on "Contributions/Donations to CBN-Led COVID-19 Relief Fund Account Domiciled with the Central Bank of Nigeria", Central Bank of Nigeria. The CBN after gathering relevant data finds that restriction in movement has cause alarming rate of poverty in Nigeria and decided to approve a relief fund to abridge the effects of Covid-19.

Craven, Liu, Mysore, and Wilson (2020) carried out a study on COVID-19: Implications for business. The research work was conducted in Nigeria. The study utilizes a descriptive statistic and finds out that market closure had a negative effect on the corporate performance of various small and medium scale enterprises in Nigeria.

Edgecliffe-Johnson (2020) did a study on Coronavirus lay-offs split corporate America. The research was mainly on operational markets that were temporarily closed in US as a result of the pandemic. The author used primary source of data collection and the questionnaires were administered and collated via electronic mail. The study finds out that market closure had a negative effect of small and medium scale enterprises performance.

Fabeil, Pazim, and Langgat (2020) carried out a study on the Impact of Covid-19 Pandemic Crisis on Micro-Enterprises. The study used a descriptive method of analysis and finds out that closure of businesses had brought about low output of various small and medium scale enterprises. The study suggested an instantaneous recovery strategy to help boost business ad economy at the long run.

Fernandes (2020) did critical research on the economic effects of coronavirus outbreak (COVID-19) on the world economy. The study adopted a qualitative survey research method and finds that the outbreak of the coronavirus which lead to shut down of market places as well as worship centers had a devastating negative effect on performance of small and medium scale enterprises.

Frank (2020). Coronavirus: China Grants Banks Extra Funding to Spur Loans to Hard-Hit Small Businesses, South China Morning Post. The research is qualitative in nature and simple frequency counts were employed. The study finds that market closure hits negatively on small business performances in China and the world at large.

Lutfi, Buntuang, and Hasanuddin (2020) worked on the impact of social distancing policy on small and medium-sized enterprises (SMEs) in Indonesia. The study uses a descriptive statistic and finds out that social distancing have negatively affected the growth and performance of small and medium scale enterprises in Indonesia.

UNDP, N. (2020) conducted a study on the impact of the Covid-19 pandemic in Nigeria. A socio-economic analysis, 4-12. A November 2020 UNDP document said food price increases were caused by factors like social distancing and restrictions on movement that reduced the supply of agricultural labor and made it harder for farmers to obtain seeds, fertilizers, pesticides, and services. This study finds that social distance mainly affected SMEs performance.

Garba (2020) carried out a study on the effect of COVID 19 on Small and Medium Scale Enterprises Performance in Makurdi Metropolis, Benue State, Nigeria. The researcher adopted simple frequency counts where more than one quarter of respondents – and 35 percent of households in the poorest quintile – said that the social distancing have serious negative impact on their businesses.

Harapan, et al. (2020). On their research Coronavirus disease 2019 (COVID-19) uses qualitative methods finds that the outbreak of corana virus which brought about social distancing have heavy negative effect on the performance of small-scale businesses.

Igwe (2020) carried out research on Coronavirus with Looming Global Health and Economic Doom. The study utilizes frequency counts and percentages. By November 2020, six months after the social distancing and lockdown ended, the study finds that almost half (48 percent) of all households had run out of food because of lack of money or other resources in the past 30 days, and in 18 percent of households at least one member of the household went without eating for a whole day. Hence the social distancing had exerted a negative effect on the performance of business and households. The result of this study presents the findings and elaboration of descriptive statistical results and government policies on SMEs' sustainability.

Gap in Empirical Literature

A cursory look at the empirical review have shown that most of these studies concentrated on developed countries, while very few studies focused on developing countries such as Nigeria. Regarding the economic effects of coronavirus (COVID-19) on the performance of SMEs, some of the studies have reported positive association, some studies reported negative association, while others have reported mixed results, which may arise from differences in choice of statistical models, profitability measures, country of study or the study period and sometimes correctness of data used.

From the review it was also observed that all the existing attempts on the subject were quite general in nature and did not focus on the specific item of SMEs performance indices. Although, a number of studies laid emphasizes on lockdown, market closure, social distancing and movement restrictions, but did not take into consideration the economic effects of coronavirus on the performance of SMEs. It is obvious that the COVID-19 pandemic had led to some economic crises which have notable consequences on every individual and sectors of the economy as a whole. Still, there are yet to be explored empirical studies on the effect of coronavirus called COVID-19 on various economic activities and performance, more specifically on business owners and the performance of Small and Medium Scale Enterprises (SMEs) in some part of Nigeria. In consideration of the previous methodology this study will deviate a

little, utilizing qualitative statistical tools such as; frequency counts, descriptive statistics and regression analysis using SPSS.

This study is therefore, set out to fill these gaps identified and provide the theoretical and empirical justification for COVID-19 pandemic and its effect on the performance of SMEs in Nigeria, specifically in South East States, Nigeria.

Methodology

Research Design

This study is a survey research. It was designed to examine the economic effects of coronavirus (COVID-19) on the performance of Small and Medium Scale Enterprises in Nigeria. Ihemere (2006) refers to descriptive research as the best method which includes the use of questionnaire or interviews in the collection of data. The researcher used questionnaires to obtain information needed for this study. To identify the strength of the responses to various questions, percentage would be calculated and all the data obtained would be analyzed.

Population of the Study

The population for the study was 1000 registered SMEs in South East States, Nigeria (Securities and Exchange Commission (SEC), 2019).

Determination of Sample Size

A sample of 278 SMEs was obtained by means of Krejcie and Morgan (1970) which was based on the formula below:

$$n = \frac{x^2NP(1-P)}{e^2(N-1) + x^2P(1-P)}$$

Where n is sample size, x2=3.841, p=0.5, e = 0.05 and the population size is 1000. Hence, the sample is derived thus:

$$= \frac{3.841 \times 1000 \times 0.5\ (1-0.5)}{0.05^2(1000-1) + 3.841 \times 0.5\ (1-0.5)}$$

$$= \frac{1.920.5\ (1-0.5)}{2.4975 + 0.96025}$$

$$= \frac{960.25}{3.45775} = 277.71.$$

Hence, S ≈ 278.

Therefore, a simple random sampling techniques was used to select the participants of SMEs across the South East State.

Methods of Data Analysis

The method adopted in this research was based on statistical table by distributing the respondents according to their answers from the surveyed for the purpose of data analysis. Simple statistical tools were used in most cases, frequency counts in tabular form, percentage, mean, standard deviation and regression analysis were utilized. This is necessary because the data obtained are qualitative and fixed. Software utilized was the latest version of SPSS.

Results

Return Rate of Distributed Questionnaire

In the course of the study, two hundred and seventy-eight (278) copies of questionnaire were distributed. Out of the 278 copies of questionnaires distributed, 242 copies were correctly filled and returned. This number constitutes 87% of the total number of copies distributed. The other ones were incorrectly filled or uncompleted by respondents. This is presented in table 1

Table 1: Return Rate of Distributed Questionnaire

Location	Distribution	Returned	Not Returned	% Return	% Not Return
Enugu State	278	242	36	87	13
Total	**278**	**242**	**36**	**87%**	**13%**

Sources: Field Survey, 2022

From table 1, 87% (242 respondents) of the total copies distributed were returned while 13% which represents 36 copies distributed were not returned.

The Rated Level of Effect of COVID-19 on SMEs

COVID-19 level of effect on SMEs was determined using the following analytical tools presented below:

Table 2: Descriptive Statistics of Dependent and Independent Variables

		Lock Down	Movement Restriction	Market Closure	Social Distancing	SMEs Performance
N	Valid	242	242	242	242	242
	Missing	0	0	0	0	0
Mean		4.06	4.59	4.57	3.43	1.66
Std. Deviation		.988	.926	.777	1.151	1.019

Source: SPSS v23 Output.

Table 2 above depicts the descriptive statistics for both the focal and explanatory variables. The mean values for lock down, movement restriction, market closure, social distancing and SMEs performance are 4.06, 4.59, 4.57, 3.43 and 1.66, while their standard deviation stood at .988, .926, .777, 1.151 and 1.019 respectively.

Table 3: Extent to which SME Owners/Managers Rate the Effect of Lockdown on SMEs Performance

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	VLE	6	2.5	2.5	2.5
	LE	9	3.7	3.7	6.2
	ME	48	19.8	19.8	26.0
	GE	81	33.5	33.5	59.5
	VGE	98	40.5	40.5	100.0
	Total	242	100.0	100.0	

Source: SPSS v23 Output

Table 3 displays the frequency table of the respondents. It was observed that 6 respondents representing 2.5% responded "very little extent", 9 respondents representing 3.7% responded "little extent", 48 respondents representing 19.8% responded "moderate extent", 81 respondents representing 33.5% responded "great extent", while 98 respondents representing 40.5% responded "very great extent" respectively. This implies that the responses strongly support the view that to a very great extent lockdown affected SMEs performance during covid-19.

Table 4: Extent to Which SME Owners/Managers Rate the Effect of Movement Restriction on SMEs Performance

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	VLE	8	3.3	3.3	3.3
	LE	7	2.9	2.9	6.2
	ME	5	2.1	2.1	8.3
	GE	36	14.9	14.9	23.1
	VGE	186	76.9	76.9	100.0
	Total	242	100.0	100.0	

Source: SPSS v23 Output.

Table 4 reveals the frequency table of the respondents. It was observed that 8 respondents representing 3.3% responded "very little extent", 7 respondents representing 2.9% responded "little extent", 5 respondents representing 2.1% responded "moderate extent", 36 respondents representing 36% responded "great extent", while 186 respondents representing 76.9% responded "very great extent" respectively. This implies that the responses strongly support the view that to a very great extent movement restrictions affected SMEs performance during covid-19.

Table 5: Extent to Which SME Owners/Managers Rate the Effect of Market Closure on SMEs Performance

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	VLE	3	1.2	1.2	1.2
	LE	5	2.1	2.1	3.3
	ME	10	4.1	4.1	7.4
	GE	58	24.0	24.0	31.4
	VGE	166	68.6	68.6	100.0
	Total	242	100.0	100.0	

Source: SPSS v23 Output.

Table 5 shows the frequency table of the respondents. It was observed that 3 respondents representing 1.2% responded "very little extent", 5 respondents representing 2.1% responded "little extent", 10 respondents representing 4.1% responded "moderate extent", 58 respondents representing 24.0% responded "great extent", while 166 respondents representing 68.6% responded "very great extent" respectively. This implies that the responses strongly support the view that to a very great extent market closure affected SMEs performance during covid-19.

Table 6: Extent to Which SME Owners/Managers Rate the Effect of Social Distancing on SMEs Performance

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	VLE	21	8.7	8.7	8.7
	LE	27	11.2	11.2	19.8
	ME	60	24.8	24.8	44.6
	GE	94	38.8	38.8	83.5
	VGE	40	16.5	16.5	100.0
	Total	242	100.0	100.0	

Source: SPSS v23 Output.

Table 6 depicts the frequency table of the respondents. It was observed that 21 respondents representing 8.7% responded "very little extent", 27 respondents representing 11.2% responded "little extent", 60 respondents representing 24.8% responded "moderate extent", 94 respondents representing 38.8% responded "great extent", while 40 respondents representing 16.5% responded "very great extent" respectively. This implies that the responses strongly support the view that to a very great extent social distancing affected SMEs performance during covid-19.

Table 7: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.736[a]	.542	.534	.695

a. Predictors: (Constant), Social_Distancing, Lock_Down, Movement_Restriction, Market_Closure
Source: SPSS v23 Output.

Table 7 depicts the model summary and the R square of 54%.

Table 8: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	135.587	4	33.897	70.083	.001[b]
	Residual	114.628	237	.484		
	Total	250.215	241			

a. Dependent Variable: SMEs_Performance
b. Predictors: (Constant), Social_Distancing, Lock_Down, Movement_Restriction, Market_Closure
Source: SPSS v23 Output.

Table 8 shows the analysis of variance which is positive and significant.

Table 9: Regression Analysis

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.551	.410		1.346	.180
	Lock_Down	-.136	.049	-.132	2.759	.006
	Movement_Restriction	-.164	.065	-.149	2.528	.012
	Market_Closure	-.431	.077	-.328	-5.571	.003
	Social_Distancing	.516	.044	.583	11.832	.001

a. Dependent Variable: SMEs_Performance
Source: SPSS v23 Output.

Table 9 revealed the regression analysis of the focal and explanatory variables. The output suggests that lock down, movement restrictions, market closure and social distancing respectively exerts a negative and significant effects on SMEs performance. This implies that the more the practice of the control measures for Covid-19, the more the adverse effect on small and medium scale enterprises businesses in Southeast of Nigeria.

Summary of the Findings

This study is vividly on the effect of COVID-19 pandemic on s the performance of small and medium scale enterprises. The findings arising from this research are summarized as follows:

1. Findings from the respondents shows that lockdown exerts significant negative effect on small and medium scale enterprises (SMEs) performance.
2. Findings from the respondents depicts that movement restricts had a significant negative effect on small and medium scale enterprises (SMEs) performance.
3. Findings from the respondents reveals that market closure exerts a significant negative effect on small and medium scale enterprises (SMEs) performance.
4. Findings from the respondents shows that social distancing exerts a significant negative effect on small and medium scale enterprises (SMEs) performance.

Conclusion

In conclusion, the study findings indicate that the COVID-19 pandemic has a devastating effect on SMEs performance in South East States Nigeria, which may eventually lead to the shutdown of some businesses due to a reduction in demand and supply, reduction in revenue, and several workers in some instances laying off. Consumers are not patronizing their products resulting in the high cost of doing business without returns. Some SMEs are reorganizing themselves to remain efficient and survive amidst COVID-19. Some businesses also are in a state of fear of losing all investments or being kicked out of business. This is the situation SMEs find themselves in light of this global pandemic in Nigeria.

Recommendations

Based on the findings the study recommends that COVID-19 pandemic causing more disaster than good to businesses, individuals, and governments. Therefore, a decisive measure should put in place to keep and maintain businesses. Though, the Federal Government of Nigeria is providing stimulus called COVID19 relief packages to give support to SMEs. The following recommendations were given:

1. For avert lockdown scenarios arising from COVID-19, proactive plans should put in place in anticipation of such events that are most likely affect the organizations.
2. Businesses should adopt online or digital sales and services to avoid the implications of movement restrictions during and after COVID-19 pandemics
3. Businesses should improve on their mode of communication, they should communicate early with employees on policies and procedures, changes, engaging with worker's unions where appropriate despite market closure.
4. To curb the effect of social distancing, government and business enterprises in all sectors should join hands together and help each other for the quick recovery of the SMEs and the economy in general.

References

Abideen, S. O. (2020). Coronavirus (COVID-19) and the Survival of Small and Medium Enterprises in Abeokuta, Ogun State, Nigeria. *Scholars Journal of Economics, Business and Management, 07*(06), 209-214.

Abosede, A. J., &Onakoya, A. B. (2013). Entrepreneurship, economic development, and inclusive growth. *International Journal of Social Sciences and Entrepreneurship, 1*(3), 375-387.

Aderemi, T. A., Ojo, L. B., Ifeanyi, O. J., & Efunbajo, S. A. (2020). Impact of Corona Virus (COVID-19) Pandemic on Small and Medium Scale Enterprises (SMEs) in Nigeria: A Critical Case Study. *ActaUniversitatisDanubius. Œconomica, 16*(4).

Aderemi, T. A., Olu-Young, F., Taiwo, A. A., &Adejumo, O. O. (2019). Agripreneurship Financing and Agricultural Development Nexus in Nigeria: Prospects or Problems? *International Journal of Accounting Research, 4*(4), 1-7.

Agency, X. N. (2020). Analysis of Regional Policies on Businesses Reopening Support, China Economic Information Service, Economic Analysis Report No. 1048, Epidemic Series No. 2, February 17.

Akanni, L., & Gabriel, S. (2020). The Implication of Covid19 on the Nigerian Economy. *Centre for the Study of the Economies of Africa (CSEA). Accessed on April 15th*.

Alaye-Ogan, E. (2012). A practical guide to running successful small businesses in Nigeria: challenges, peculiarities, and effective resolution support. *Deutschland: Lambert Academic Publishing*.

Andam, K., Edeh, H., Oboh, V., Pauw, K., & Thurlow, J. (2020). Impacts of COVID-19 on food systems and poverty in Nigeria. *Advances in Food Security and Sustainability,* 5, 145.

Bookchin, M. (1960). *Post-scarcity anarchy*: Chadwyck-Healey Incorporated

Boulding, K. E. (1956). Some contributions of economics to the general theory of value. *Philosophy of Science, 23*(1), 1-14.

CBN (2018). SMEs financing in Nigeria. http://www.cenbank.org.

Central Bank of Nigeria (2020). "Contributions/Donations to CBN-Led COVID-19 Relief Fund Account Domiciled with the Central Bank of Nigeria", Central Bank of Nigeria, 8 April, https://www.cbn.gov.ng/Out/2020/CCD/covid%20contributions.pdf.

Craven, M., Liu, L., Mysore, M., & Wilson, M. (2020). COVID-19: Implications for business. *McKinsey & Company*.
Durkheim, E. (1984). The division of labor in society: Macmillan: Basingstoke.
Edgecliffe-Johnson, A. (2020). Coronavirus lay-offs split corporate America. Financial Times, New York. Accessed from www.ft.com.
Erdem, F., Erdem, S. (2011). Functional strategies and practices of small and medium-sized family businesses. *International Journal of Islamic and Middle Eastern Finance and Management,* 4(2), 174-185.
Fabeil, N. F., Pazim, K. H., & Langgat, J. (2020). The Impact of Covid-19 Pandemic Crisis on Micro-Enterprises: Entrepreneurs' Perspective on Business Continuity and Recovery Strategy. *Journal of Economics and Business, 3(2*), 837-844.
Fernandes, N. (2020). Economic effects of coronavirus outbreak (COVID-19) on the world economy. SSRN 3557504., 1-26.
Frank T. (2020). Coronavirus: China Grants Banks Extra Funding to Spur Loans to Hard-Hit Small Businesses, South China Morning Post, February 26, 2020. Online @ https://www.scmp.com/economy/article/3052474/coronovirus-china-grants-banksextra-funding-spur-loans-hard.
Friedman, B. D., & Allen, K. N. (2011). Systems theory. *Theory & Practice in Clinical Social Work, 2*(3), 3-20.
Garba, A. (2020). Effect of COVID 19 on Small and Medium Scale Enterprises Performance in Makurdi Metropolis, Benue State, Nigeria. *GRA's Multidisciplinary International (GRAM i) Journal, 4*(6), 1-11.
Gbandi, E., & Amissah, G. (2014). Financing options for small and medium enterprises (SMEs) in Nigeria. *European Scientific Journal, 10*(1), 2047-2061.
Hamiza, O. (2020). The Impact of Coronavirus Lockdown on Small Scale Businesses in Arua Municipality, Uganda. *International Journal of Science and Research (IJSR), 9*(8), 1239-1248.
Harapan, H., Itoh, N., Yufika, A., Winardi, W., Keam, S., Te, H., Mudatsir, M. (2020). Coronavirus disease 2019 (COVID-19): A literature review. *Journal of Infection and Public Health, 13*(2020), 667-673.
Hatzius, J., Philips, A., Mericle, D., &Struyven, D. (2020). US Daily: a sudden stop for the US economy. *Economic Research in Goldman Sachs*.
Igwe, P. A. (2020). Coronavirus with Looming Global Health and Economic Doom. *African Development Institute of Research Methodology*.
ILO (2017). "World employment social outlook. *Sustainable enterprises and jobs: formal enterprises and decent work", International Labor Organization, Geneva,* 145.
IMF (2020). Policy-Responses-to-COVID-19. International Monetary Fund. www.imf.org .
Krejcie, R. V., & Morgan, D. W. (1970). Determining sample size for research activities. *Educational and Psychological Measurement, 30*(3), 607-610.
Lutfi, M., Buntuang, P. C. D., & Hasanuddin, B. (2020). The impact of social distancing policy on small and medium-sized enterprises (SMEs) in Indonesia. *Problems and Perspectives in Management*, 18(3), 492.
Mogaji, E. (2020). Financial vulnerability during a pandemic: insights for coronavirus disease (COVID-19). *Mogaji, E*, 57-63.
Moore, N. (2020). Chloroquine for COVID-19 infection: Springer.
National Bureau of Statistics (2020). Annual Statistics Report, Abuja, Nigeria
Ohia, C., Bakarey, A. S., & Ahmad, T. (2020). COVID-19 and Nigeria: putting the realities in context. *International Journal of Infectious Diseases, 95*(2020), 279-281.
Ozili, P. K. (2020). Covid-19 pandemic and economic crisis: The Nigerian experience and structural causes. *Accessed at SSRN 3567419*.
Ozili, P. K., &Arun, T. (2020). Spillover of COVID-19: Impact on the Global Economy. *Accessed at SSRN 3562570*.
Rathore, U., & Khanna, S. (2020). From Slowdown to Lockdown: Effects of the COVID-19 Crisis on Small Firms in India. SSRN 3615339.
Shereen, M. A., Khan, S., Kazmi, A., Bashir, N., & Siddique, R. (2020). COVID-19 infection: Origin, transmission, and characteristics of human coronaviruses. *Journal of Advanced Research, 24*(2020), 91-98.
Tehseen, S., &Ramayah, T. (2015). Entrepreneurial competencies and SMEs business success: The contingent role of external integration. *Mediterranean Journal of Social Sciences, 6*(1), 50-50.
Unhale, S. S., Ansar, Q. B., Sanap, S., Thakhre, S., Wadatkar, S., Bairagi, R., Biyani, K. (2020). A review on coronavirus (COVID-19). *World Journal of Pharmaceutical and Life Sciences, 6*(4), 109-115.
WHO (2020). Timeline of WHO's response to COVID-19. World Health Organization. Retrieved from www.who.int.