

Effect of Covid-19 Lock Down on Performance of Small and Medium Enterprise in Osun State Nigeria

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Abstract: The study critically examined the effect that lockdown as one of the preventative measures to dock the spread of coronavirus on the performance of the small and medium enterprises in Nigeria with an emphasis on Osun State in the southwest of the nation. The report of NCDC shows that Osun State is the third state affected after Lagos and Oyo and in which they also have a good number of SMEs that sustained the economy. The study espoused a check exploration design using a structured questionnaire to gather applicable information from the registered SMEs in Osun State. The population for the study was 3,007 registered SMEs in Osun State which represents 4.1 of total SMEs in South- Western Nigeria. A sample size of 353 SMEs was attained through the use of Taro Yamene (1967). Thus a simple arbitrary sampling fashion was used to elect the repliers across the state. Osun state was chosen because it's one of the countries with the highest number of SMEs in South Western Nigeria and one of the countries that were on total lockdown of both vehicular and mortal movement when the cases of the epidemic were on the high side. The study shows that lockdown has a significant effect on the performance of SMEs in South Western Nigeria in particular, Osun State. From the estimated model in Table 2, it showed that the measure of determination for the retrogression as depicted by the R² value of .013 suggests that about 1.3 percent of the methodical variation of the dependent variable is reckoned for by the explicatory variables. The remaining 98.7 percent is caused by variables that aren't included in the model, which is reckoned for by the stochastic error term.

Keywords: Covid 19, Pandemic, Small and Medium, Enterprise, and Lockdown

1. Introduction

Coronavirus popularly known as Covid-19 is an epidemic that's causing a global exigency in the health sector of the whole world and this has greatly affected the colorful sector of the frugality in which Nigeria was left out. This virus was first linked in Wuhan, China in December 2019 and can transmit presto in humans which can beget death if care isn't taken. With this, the coronavirus caused a lot of damage and colossal death among the living brutes. The first case of coronavirus was discovered in Lagos State Nigeria. It was verified on the 27th of February 2020. Because of this, the government of Nigeria through the Federal Ministry of Health has been strengthening to put up strict measures to insure an outbreak in Nigeria was controlled and blanketed snappily.

As of June 2021, the total verified case of coronavirus globally is 171,292,827 while 3,687,589 have been reported dead (WHO 2019). Presently in Nigeria as of August 2022, the total case of Covid-19 is 261,473,518 with active cases of 3373 while 254,953 have been discharged although 5,441,162 were samples tested with 3,147 deaths. Due to this epidemic in Nigeria and especially in Osun State government put up different kinds of preventative measures that cut across angles of the frugality similar as lockdown, social distancing, check of borders, request check, and movement restriction. Lockdown features and restrictions on transportation which affect goods and people disrupt significantly the colorful labors and import and this hinders the growth of the private business by undercutting some of the investment because investors lost some degree of confidence in the request (Hope, Saidu and Success 2020). The conditioning of the small scale was disintegrated by this epidemic as it was the third state affected in the southwest after Lagos and Oyo with active cases of 3,311 while 36 was admitted with 3183 discharged a later 92 were confirmed dead (NCDC, 2022).

SMEs are regarded as the chins of developing husbandry and it has been linked as the motorists of the frugality due to their capacity to stimulate productivity, give employment openings and ameliorate the weal of the people (Timothy, Luca & Okoh, 2020; Abosede & Onakoya 2013 and Ariyo 2005). Since the closure of factories alongside a reduction in product was left out due to the lockdown policy orders and this affect the activities of SMEs in Nigeria and especially in Osun State the study on the effect of the Covid- 19 epidemic on SMEs activities is imperative and it should be a nonstop bone since the epidemic is still ruining within the sphere of the frugality although with colorful of degree in detention.

The ideal of this study is to examine the effect of the COVID- 19 epidemic on SMEs' performance in Osun State Nigeria. Osun State is one of the countries that have the loftiest number of Small and Medium Enterprises (SMEs) in South Western Nigeria country.

The total number of enterprises in Nigeria was estimated at 41.5 million, spread out across the 36 countries in the country. While microenterprises constitute a high 99.8(41.4 million) of total SMEs, Small businesses make 71,228 (0.17%), indeed as medium

enterprises comprise just 1,793 enterprises in the country. As anticipated, Nigeria's commercial hub, Lagos, recorded the loftiest with an aggregate no of 8,395 or 11.5% of total SMEs in the country, followed by Oyo (6,131 or 8.4%) and Osun 3,007 or 4.1%). (NBS Survey, 2021)

2. Literature Review

Covid- 19 Epidemic

Coronavirus complaint 2019(COVID- 19) is defined as an illness caused by a new coronavirus now called severe acute respiratory pattern coronavirus 2(SARS- CoV- 2; formerly called 2019- nCoV), which was first linked amid an outbreak of respiratory illness cases in Wuhan City, Hubei Province, China. In March the World Health Organisation declared the outbreak an epidemic and trip to, from, and within numerous countries was oppressively confined to control its spread. Utmost people infected with the COVID- 19 contagion will witness mild to moderate respiratory illness and recover without taking special treatment. Aged people and those with underpinning medical problems like cardiovascular complaint, diabetes, habitual respiratory complaint, and cancer are more likely to develop serious illness. (WHO 2020)

According to Aifuwa (2020), the symptoms of the complaint on an individual include sore throat, dry cough, fever, briefness of breath, and in the worse stage acute pneumonia and death. In other to dock the spread of this deadly complaint the following preventative measures must be put in place which include; clean your hands frequently, use cleaner and water, or an alcohol-grounded hand rub, and maintaining a safe distance from anyone who's coughing or sneezing, wear a mask when physical distancing isn't possible, avoid touching your eyes, nose or mouth, cover your nose and mouth with your fraudulent elbow or a towel when you cough or sneeze, stay home if you feel bad, if you have a fever, cough and difficulty breathing, seek medical attention.

Small and Medium Enterprises

Description of Small and medium enterprises (SMEs) is different from country to country, it depends on the country's profitable development and the part of SMSs in the country. Also, the SMEs determine the size of the business, the capital investment, the means, and the business operations. According to Pakistan Central Bank SMEs are characterized by employment, asset, or a combination of both (Jasra, et al., 2011). Typically a business is an enterprise that produces goods or services for the provision of client satisfaction. SMEs appreciatively contribute to the Country's frugality, it creates openings for the original communities both employment and business openings and they fulfill community requirements, utmost countries realized the significance of SMEs in the country's productivity (Abdulkadir, 2020; Jasra, 2011). SMEs can be described as a sector that serves as a backbone of major developed husbandry in which it contributes to profitable growth, produce employment, and also constitute the growth of import. Presently, SMEs contribute 48 of public GDP and account for 96 of businesses and 84 of employment. The Nigeria Bureau of Statistics recorded 17.4 million, 50 of industrial jobs, and nearly 90 of the manufacturing sector in terms of the number of enterprises (PWC 2021)

Categories of SMEs in Nigeria

Small enterprises have a size number of 10 to 49 workers with 5 to lower than 50 million while medium enterprises have a size number of 50 to 199 workers with 50 to lower than 500 million. The total number of enterprises in Nigeria is 41, 543,028 with Lagos, Oyo and Osun eclipse the SMEs in the South Western with 8,395, 6,131, and 3,007 independently. There are lots of benefits of SMEs in Nigeria which include; advanced income distribution, increased job creation & skills development, industrial diversification, and stimulation of the original economy.

Challenges facing SMEs during the pandemic

SMEs face the threat of total closure fate of the epidemic, incompletely due to the incapability to settle their supplements during the closure (Schrack, Marshall, Hall- Phillips, Wiatt, & Jones, 2013). Numerous businesses were forced to lay off some of their staff, whereas others had to reduce their number of working hours (Edgecliffe, 2020). The global epidemic has caused serious socioeconomic damages, and the ban on sporting, religious, political, and artistic events, brought about wide deaths of inventories (Bularafa & Umar, 2021; Turner & Akinremi, 2020)

In the study of VerschuurElco and Jim(2021) on the Global profitable impacts of COVID- 19 lockdown, measures stand out in high-frequency shipping data. It was revealed that the perpetration of large- scale constraint measures by governments to dock the spread of the COVID- 19 contagion has redounded in large impacts on the global frugality. The results show wide harborage- position trade losses, with the largest absolute losses set up for anchorages in China, the Middle East, and Western Europe, associated with the collapse of specific force chains(e.g. oil painting, vehicle manufacturing). In total, it estimates that global maritime trade reduced by-7.0 to-9.6 during the first eight months of 2020, which is equal to around 206 – 286 million tonnes in volume whilst some small islet developing countries and low- income husbandry suffered the largest relative trade losses. Also, there was a clear negative impact of COVID-19-related academy and public transport closures on country-wide exports. The recommendation shows that real-time pointers of profitable exertion can inform policy- makers about the impacts of individual programs on the frugality, and can support profitable recovery sweats by allocating finances to the hardest- hit husbandry and sectors.

Impacts of COVID 19 on Small and Medium Enterprises conducted by Abdulkadir (2020) revealed that SMEs contribute to the country's frugality, it's an income occasion for society, and it creates employment openings for the youth, women, and the entire society. The study assesses how the epidemic affected the SME's force and demand, profit, workers, and other business operations..

The study set up that the force dropped by 38 whereas the demand declined by 83 as the repliers of the study verified. The income endured an 89 fall down and dragooned that 60 of SMEs reduced their working hours. On the other hand, 75 of the repliers verified that they're planning or formerly lay off workers. utmost of the SMEs met a decline of cash, the cash bills from deals declined 72, also the accounts delinquent reduced by 61 this redounded that 64 of SMEs failing to cover the operating charges. Above all, SMEs faced fiscal torture or bankruptcy which redounded to detector massive job losses and the shuttering of businesses. Thus, the study recommends that the SMEs stakeholders including the chamber of commerce, government, transnational mates, banks, and other interested parties are demanded to take a critical encouragement package to address the challenges and negative impacts raised by COVID 19 in order to sustain their actuality and developments.

Empirical Review

The study conducted by Aladejebi (2020) on Managing Small Businesses in Lagos State Nigeria during Covid- 19 Crisis with the use of structured questionnaires given to 342 repliers. It was revealed that the epidemic reduced staff hires, and reduced earnings which the government isn't doing enough to dock the spread of the epidemic. It was discovered that SMEs were faced with the incapability to repay loans, rent, and hires and the suggestion is that government should lower the interest rates, and relax loan and duty disbursements.

Henry (2020) conducted a study on the Effect of Covid- 19 on Nigerian Socio- profitable Well- being, Health Sector Pandemic Preparedness, and the part of Nigerian Social Workers in the War against Covid- 19. He employed a phenomenological and exploratory exploration design in his inquiry. Sixteen repliers made up the sample size for the study. A Focus Group Discussion companion and an In- Depth Interview companion were the instruments for data collection. The result of the study revealed that the Covid- 19 epidemic has had a ruinous impact on the socio- profitable well- being of Nigerians. Where the Nigerian health system is ill- equipped and unprepared to handle the Covid- 19 epidemic, it was discovered that Nigerian social workers, utmost especially medical social workers, have played a significant part in passing out information on Covid- 19 preventative measures to the general public thus, recommends that the Nigerian government should wake up and fix the health sector and make it visionary to handle pandemics afflictions in the future.

3. Methodology

The study espoused a check exploration design using a structured questionnaire to gather applicable information from the registered SMEs in Osun State. The population for the study was 3,007 registered SMEs in Osun State State which represents 4.1 of total SMEs in South- Western Nigeria. A sample size of 353 SMEs was attained through the use of Taro Yamene (1967). Thus a simple random slice fashion was used to elect the repliers across the state. Osun state was chosen because it's one of the states with the loftiest number of SMEs in South Western Nigeria and one of the states that were on total lockdown of both vehicular and mortal movement when the cases of the epidemic were on the high side.

4. Discussion of Result

The data collected from the field for this study were presented and analysed using descriptive analysis, Pearson correlation, ANOVA, and regression using Statistical Package for the Social Sciences (SPSS).

Table 1 Summary of Demographic factors of Respondents

Profile	Frequency	Percentage
Sex		
FEMALE	163	46.6
MALE	186	53.1
Age		
18-24	30	8.6
25-29	106	30.3
30-34	92	26.3
35-39	43	12.3
40 YEARS ABOVE	79	22.6
Marital Status		
DIVORCED	16	4.6
MARRIED	249	71.1
OTHERS	6	1.7
SINGLE	67	19.1
WIDOW	9	2.6
WIDOWER	3	.9
Types of Ownership		

COOPERATIVE SOCIETY	78	22.3
LIMITED LIABILITY	106	30.3
PARTNERSHIP	60	17.1
SOLE PROPRIETORSHIP	106	30.3
Number of Years in Business		
0-2	54	15.4
3-5	87	24.9
6-10	135	38.6
33	1	.3
10 YEARS ABOVE	73	20.9
Types of Business		
AGRICULTURAL, FORESTRY, ANIMAL HUSBANDRY AND FISHERIES	27	7.7
CONSTRUCTURE INDUSTRY	36	10.3
ENTERTAINMENT INDUSTRY	34	9.7
EDUCATIONAL SERVICE	35	10.0
FINANCIAL SERVICES (POS, CASH POINT ETC)	31	8.9
HOTEL AND CATERING	28	8.0
HEALTH AND SOCIAL WORK	29	8.3
MANUFACTURING INDUSTRY	27	7.7
OTHERS	8	2.3
REAL ESTATE INDUSTRY	23	6.6
RESIDENTIAL SERVICE	15	4.3
TRANSPORT, STORAGE AND POSTAL INDUSTRY	27	7.7
WHOLESALE AND RETAIL TRADE	30	8.6
Educational Qualification		
HND/BSC	74	21.1
NCE/ND	65	18.6
MASTERS/PHD	66	18.9
OTHERS	43	12.3
PRIMARY SCHOOL LEAVING CERTIFICATE	53	15.1
SENIOR SECONDARY SCHOOL	49	14.0
Numbers of Employee		
1-5	63	18.0
6-10	74	21.1
11-15	78	22.3
16-20	79	22.6
21 ABOVE	56	16.0
Annual Income		
#20,000 - #99,000	102	29.1
#100,000-#149,000	80	22.9
#150,000-#199,000	81	23.1
#200,000	87	24.9
Total	350	

Source: Authors Computation 2021

Table 2: Summary of Regression Results

Variables	Coefficient	St. Error	T-Stat.	Sig.	Remark
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(Constant)	2.270	.462	4.911	.000	
Lockdown	.227	.105	2.167	.031	Significant
F-Statistics	4.696	P-value .031 ^b	R Square.013	Adjusted R Square.010	

Table 2 showed that lockdown was a predictor of SME's performance ($F(1, 348) = 4.696$; $P < 0.05$). This implied that lockdown has a significant effect on the performance of SMEs in South Western Nigeria in particular, Osun State. From the estimated model in Table 2, it showed that the coefficient of determination for the regression as depicted by the R^2 value of .013 suggests that about 1.3 percent of the systematic variation of the dependent variable is accounted for by the explanatory variables. The remaining 98.7 percent is caused by variables that are not included in the model, which is accounted for by the stochastic error term.

The results also disclosed that the predictor variable of lockdown positively and significantly affected the performance of SMEs in Osun State as shown ($t = 2.167$, $P < 0.05$). As a result of the lockdown, many employees were laid off, which invariably contributed to increasing in unemployment and the poverty rate in the country at large. These findings, therefore, corroborated the study of Abdulkadir (2020) who found that the supply decreased by 38% whereas the demand declined by 83% as the respondents of the study confirmed. The income experienced an 89% fall down and pressured that 60% of SMEs reduced their working hours while 75% of the respondents confirmed that they are planning or already lay off their employees during the lockdown. The study also concurred with the study of Aladejebi (2020) who revealed that the pandemic reduced staff salaries, and reduced revenues which the government is not doing enough to curtail the spread of the pandemic, and SMEs were faced with the inability to repay loans, rent, and salaries respectively.

5. Summary

Covid -19 pandemic also known as coronavirus has greatly harmed the economy of nations of the world and Nigeria was not an exemption. Also, Osun State had its share of the pandemic which paralyzed half of the economy since the state is known as a civil servant state and mostly depends on the activities of small and medium enterprise to boost the economy. The activities were grounded due to the restriction emanated from the lockdown imposed by the government of the state in order to curtail the spread of the virus due to the lack of facilities and access to the vaccine. Activities of the SMEs were totally and badly affected and this brought about untold hardship on the citizen and likewise the owners of such businesses.

6. Conclusion

Without mincing words the spread and emergency of the pandemic had a great effect on the economy of the state which makes the income generated reduced drastically and also untold hardship on the dwellers of the state

7. Recommendations

The study, therefore, recommends that the state should help the small and medium enterprises by providing succor to the citizen in terms of relief materials and palliative in order to reduce the level of hunger and hardship faced by the citizen and since the lockdown contributed to the major setback the government should review the level of movement and ensure people adhere strictly to the use of preventive measures put in place by the world health organization and avoid the crowded places so that the virus can be curtailed. People should also be aware that the virus had begun to give birth to various degrees of waves even up to the third one and which was regarded as deadly and dangerous.

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