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Impact of Covid-19 pandemic on micro, small & medium enterprises in Nigeria (MSME)

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**SCHOOL OF ECONOMICS, ADMINISTRATION &
COMPUTER SCIENCE**

**IMPACT OF COVID-19 PANDEMIC ON MICRO, SMALL
& MEDIUM ENTERPRISES IN NIGERIA (MSME)**

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2019-2020



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COMPUTER SCIENCE**

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& MEDIUM ENTERPRISES IN NIGERIA (MSME)**

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**Submitted at the school of Economics, Administration & Computer Science
in partial fulfilment of the requirements for obtaining the program degree
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Title:

**IMPACT OF COVID-19 PANDEMIC ON MICRO, SMALL &
MEDIUM ENTERPRISES IN NIGERIA (MSME)**

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Student Declaration

I hereby declare that this dissertation is all my own work and all other works discussed or referred to, have been cited.

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ABSTRACT

The coronavirus pandemic has significantly impacted the operations of MSMEs as it affects both the demand and supply of products and services provided by these MSMEs. Apart from its effect on the demand and supply, it also presents a significant challenge in the way MSMEs are being managed as well as to employees. This study was aimed at investigating the impact of COVID-19 pandemic on MSMEs in Nigeria. The study adopted the cross-sectional survey research design in which data were collected from 499 MSMEs in Lagos State Nigeria using the Cluster Sampling Technique. Structured was used for data collection and it was administered to the MSMEs. The data collected were analysed using descriptive statistics of frequency, mean and standard deviation and also inferential statistics of regression. The results from the analysis revealed that the declaration of the emergency state and the business suspension request negatively impacted the performance of the MSMEs sector; subsidy schemes have positive impact on MSMEs survival and there is medium-run economic impacts of successfully controlling COVID-19 infection on MSMEs performance. The study conclude that COVID-19 pandemic has negative impact on business performance and there is need for more subsidy schemes and strict adherence to COVID-19 guidelines in order for MSMEs to improve in their performance.

Key Word: Business Performance; Business Suspension, COVID-19, MSMEs Survival, Pandemic.

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CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND OF THE STUDY

In modern history of the human race, Covid-19 a novel Pandemic/disease has been one of the events with the most impactful on the economy of the world at large. It has induced the most economic downslides and spread across over 216 countries and territories around the world since the Great depression (World Health Organization, 2020; International Monetary Fund, 2020). In the year 2019, December precisely, Covid-19 was first identified in Wuhan, China, and has caused colossal death and has spread to almost all parts of the world (Akanni and Gabriel, 2020). On February 27, 2020, the first case of Covid-19 was identified in Nigeria. According to WHO (2020), as of July 28, 2020, 1 pm (GMT+1), the total number of confirmed cases worldwide was 16,301,736, while there were confirmed deaths of 650, 069 in 216 countries, of the world. As of July 28, 2020, the Nigerian Centre for Disease Control (NCDC) reported 41,804 cases, 18,704 discharged patients, and 868 deaths, and the number of tests in Nigeria was 267,842 (in a population of about 200 million people).

No company was likely to have prepared for COVID-19, irrespective of business size. Public Health Research has informed business owners to always make for this type of emergency, but in the real sense, only big businesses often have formalized plans (Rebmann, Wang, Swick, Reddick and Delrosano, 2013). The 1918 pandemic killed about 40million human beings all over the world during the early spring of 1918 through to late spring 1919 (Turner and Akinremi, 2020). It is estimated by economists at Goldman

Sachs that a sharp decline is likely to occur in the United States economy by 3.8% for 2020 due to the virus (Hatzius, Phillips, Mericle, Hill, Struyven, Choi, Briggs, Taylor and Walker, 2020). Igwe (2020) noted that the world economy faces the worst- ever economic recession due to the outbreak of the Covid-19. The economic losses in the global economy happens through three different channels or medium, they are supply chain, financial market, and demand. The ripple effects of the above-mentioned channels have a negative effect on consumptions in household, international trade, and businesses generally. In the wake of the Pandemic, government authorities across the world have been under serious pressure and putting in place stringent measures to curb the negative impact of the pandemic on global economy, household and businesses (KPMG, 2020). In the economy of demand and supply, there are noticeable impact when there is a pandemic outbreak (Swift 2009).

The Covid-19 Pandemic will have a negative impact on most companies and for some few it will be a positive impact. The Pandemic is still ongoing; therefore, it is never an easy task estimating its long-term economical, behavioural, or its consequences in the society at large as this aspect has never been done with past Pandemic (Donthum, and Gustafsson, 2020). Popular brands in different industries during the wake of this pandemic are probably going to face a huge financial set back as consumers are advised to stay at home during the lockdown (Tucker, 2020). The effect of Covid-19 pandemic is the worst the world economy has ever had since the 1930s great depressive effect (Euronews, 2020). MSMEs play a vital part in social inclusion, innovation in rural areas, and local employment (Auzzir et al., 2018). MSMEs on the other hand tends to undergo stiff challenges in times of difficulty as they are among those unprepared in organizational

settings. They also lack business continuity plans. Putting in place strong and effective business continuous plan that can help salvage any negative impact on the companies plan to succeed during crisis in a pandemic era (Turner and Akinremi, 2020). The Covid19 pandemic poised a severe challenge for all businesses both small and big worldwide.

The adverse effects include interruptions of supply chains, cash flow problems, weaker demand for imported goods and services, inability to meet delivery dates, and increased risk aversion in financial markets. (OECD, 2020). MSMEs are vital to the smooth functioning of any economy by ensuring that goods are delivered during and after public emergencies (Burton, Confield, Gasner, and Weisfuse, 2011). The Nigerian economy has experienced devastating effects as a result of Covid-19, this includes a sharp decline in oil prices, borrower's inability to service loans, disruption of the global supply chain, drop in revenue and also the pull-out of investors fund from the Nigerian stock market (Ozili, 2020). Lagos is a state situated in southwest Nigeria and it's the most densely populated with more than 20M (Idowu, 2020). If Lagos state were to be a country in Africa, it would be the 5th largest economy in Africa. Lagos is tagged as the economic capital of Nigeria (Idowu, 2020). As of July 28, 2020, Lagos state has a total of 14,848 cases out of 41,804 cases in Nigeria. (NCDC). This is about 36% of the number of cases in Nigeria.

The bans subjected to the migration of humans from one country to another has induced a great lose in the world's economy especially in the aviation sector, entertainment sector, hospitality sector and even the sporting world. An estimated 4 trillion dollar was reported lost worldwide due to the pandemic (Ozili, 2020). Some MSMEs cannot survive beyond one month because of cash flow issues (Farrel and Wheat, 2016). MSMEs face an uphill challenge on total collapse after large-scale disasters due to the fact that they are unable

to fund the business while on lockdown (Schrank, Marshall, Hall-Phillips, Wiatt, and Jones, 2013).

There has been a huge downturn in the world's economic trade since the inception of the pandemic, businesses are unsure if they could carry out operative procedures as usual. This downturn has affected organizations of which so many are unstable in terms of finance (OECD, 2020). The summation of the impact of the virus on the Gross Domestic Production ranges from 20-50% in numerous advanced country economies of the world (OECD, 2020). Many companies have had to lay off staff, while others had to reduce their working hours (Edgecliffe-Johnson, 2020). COVID-19 and its devastating effect has a sting on global events ranging from tourist attractions to sport events and many more, which were all cancelled and thereby also leading to short fall in deliveries worldwide (Turner and Akinremi, 2020). The adverse effect of this pandemic has affected a short fall consuming product as there is a correlation with the production in china where it emanated from, thereby affecting the global market as china are one of the major producers of commodities (Fernades, 2020). The Covid-19 pandemic outbreak has made a lot of business shut down, leading to a monumental disruption of trade and commerce in many industrial sectors. Retailers and brands face numerous immediate issues relating to workforce and other relative issues. A lot of markets, especially in hospitality and tourism, no longer exist, whereas online shopping, online communication, and online entertainment, have witnessed unprecedented growth (Donthum, and Gustafsson, 2020). Furthermore, there has been an increase in social media usage and the internet during the lockdown ((Donthum and Gustafsson, 2020). This is a result of loneliness associated with lockdown as people now change their idea of communicating with one another

through the internet rather than proxy (Newland, Necka, Cacippo, 2018). Larger firms could be able to survive shocks more than the MSMEs because large firms have significant financial resources more than the MSMEs (Verbano and Venturi, 2013). Environmental jolt or risk of an extreme event (Neyer, 1982) poses a significant threat on the day to day running of an MSME, even to its existence in most cases (Sullivan-Taylor and Branicki, 2011). The world at large was taken unaware by this pandemic ravaging the economy inflicting hardship on countries (UNDP, 2020). Nigeria and her people are no exception. Like Albert Einstein famously proclaimed: "Amid every crisis lies great opportunity" hence for drivers of the economy, this should be an avenue for new and fresh ideas for upgrade and strategies for another line of threat should any crisis arise (Craighead, Ketchen, and Darby, 2020).

The incessant scandals, crisis, failures and wreckage of organization or financial institutions worldwide have shaken the faith of investors and eroded their confidence on the capital market and also the global market at large. This has greatly affected companies such as intercontinental bank, oceanic bank, Cadbury, etc., thereby contributing to the downturn of the economy, with all of these, companies' sustainability has become an issue in determining the survival and continue growth of a country (Apodore & Zainol, 2014).

1.2 STATEMENT OF PROBLEM

The goal of nations of the world battling with the invisible enemy (COVID-19) disease is to flatten the curve. This invisible enemy has done more harm than good to the global economy. In Nigeria, the disease has crumbled the economy and inflicted hardship on the citizens (Ozili & Arun, 2020). It is crystal clear that the government alone cannot win the fight against the invisible enemy, hence businesses operating in Nigeria has a lot to contribute to achieving this goal.

In a bid to clearly understand what MSMEs are, it is defined as a small fraction of the business community with fewer numbers of employees not exceeding 300 and also with a low income not more than hundred million (N100, 000,000) in a year (CBN, 2020). MSMEs was selected due to the fact that 96% of businesses running in Nigeria are MSMEs as compared to 53% in the United State of America and 65% in Europe (Oyelaran-Oyeyinka, 2020). Interestingly in Nigeria, before the coming of the novel pandemic, MSMEs are faced with numerous challenges ranging from poor access to loan, lack of investors, low motivated workgroups etc (Oyelaran-Oyeyinka, 2020). It is notable that the most exposed businesses are the MSMEs during this pandemic era, most especially in the economy of Nigeria. However, the Nigerian government swung into action in order to curtail the spread of the pandemic by a decisive call on the 30th of March 2020, to shut down its borders from the outside world and its economic activities was also on lock and key in a bid to save lives.

These decisive call by the Nigerian government had a devastating effect on the lives of her citizens as they were forced to remain stationed in their homes; the economy was under strict lock and key and its effect was, jobs were lost and that in turn gave birth to an increased crime rate across the country. The only people allowed to move about were

the care givers and essential service and goods providers. (Aifuwa, Musa & Aifuwa, 2020).

1.3 AIM AND OBJECTIVES

The primary aim of this study is to investigate the impact of COVID-19 pandemic on micro, small and medium scale enterprise (MSMEs) in Nigeria. In order to achieve this aim, the following objectives were identified.

- i. To evaluate the effect of the declaration of the emergency state and the business suspension request on the performance of the MSMEs sector, while evaluating the policy's effects on the growth rate of infections.
- ii. To assess the impact of subsidy schemes on how it has helped MSMEs to survive and changed their decisions, such as those on investment and employment.
- iii. To ascertain how the business performance would improve if the number of new infections were kept at zero level.

1.4 RESEARCH QUESTIONS

For any research study of this nature, it is imperative that research questions are raised in order to achieve the study objectives. Hence, this study addressed issues relating to the following pertinent questions emerging within the domain of study problems:

- i. What is the effect of the declaration of the state of emergency and the effect of business suspension request on the performance of the MSMEs sector, while evaluating the policy's effects on the growth rate of infections?
- ii. To what extent has the impact of subsidy schemes helped MSMEs to survive and changed their decisions, such as those on investment and employment?
- iii. How much business performance would improve if the number of new infections were kept at zero level?

1.4.0 RESEARCH HYPOTHESES

In a study of this magnitude, it is essential that hypotheses are formulated if the study objectives must be achieved, research questions must be answered, and relationship established between variables. Therefore, the following hypotheses which are stated both in the null and alternative forms were formulated and tested appropriately:

1.4.1 Hypothesis One

H₀: There is no significant effect of the declaration of the State of emergency and the business suspension request on the performance of the MSMEs sector, while evaluating the policy's effects on the growth rate of infections.

1.4.2 Hypothesis Two

H₀: Subsidy schemes does not help MSMEs to survive and changed their decisions, such as those on investment and employment.

1.4.5 Hypothesis three

H₀: Business performance would not improve even if the number of new infections were kept at zero level

1.5 SIGNIFICANCE OF THE STUDY

By attempting to study the subject matter of covid-19 pandemic and its stinging effects on MSMEs in Nigeria, this study provides additional insight into the subject matter. We look at the devastating effects of covid-19 pandemic on the economy of Nigeria and preventive mechanism to curb the harsh effects of the pandemic cannot be overemphasized as the lack of poor policy implementations of the government institutes in Nigeria has been identified as one of the major cause of failures on the Nigerian economy in recent years. There has been as steady declination in the price of oil export from Nigeria since 2014 with a low GDP of 2.3% in 2019 (Onyekwena and Ekeruche, 2020). The Inter Monetary Fund (IMF) did a review in 2020, on the Nigerian GDP from 2.3% to 2% due to the steady fall in price of crude oil and confined fiscal space. The ratio of the Nigeria debt-service to revenue is at 60% (Babalola, 2020) and there are rising concerns among major players of the economy as this may continue to linger as a result of the virus which is a threat for MSMEs to come out of this shock wave poised by corona virus. Business will have no choice but to retrench their workforce to reduce running cost and subsequently cut down workers' wages, the longer the virus prevails, the harder it becomes for the smooth running of companies. (Ekeruche, 2020).

This particular study is also of great importance as it provides a clear-cut piece of how we could look at the short-run and long-run trade-offs and the curbing of the

COVID-19 infection and the devastating effect on the economy, with a focus on MSMEs which are the most unstable business in the economy.

1.6 SCOPE OF THE STUDY

Considering the year 2019 when Nigeria got its index case of COVID-19 pandemic, there has been this unanticipated twist in the history of the human race. In this study we investigate how the effects of the pandemic on MSMEs has affected the Nigerian economy from pre to post COVID-19 era. In the opinion of Kaldor (2020), the engine of growth of any economy are those of the business sector. This is to say that whenever a nation is experiencing a boom in her manufacturing sector, that country is on her way to prosperity and vice-versa. As a healthy GDP represent healthy economy which typically translate to low unemployment, and wage increase. Also, a country's GDP, whether falling or rising has indications on the stock market, as this means a poor economy means lower profits for investors and good economy on the other hand translate to higher profits on capital invested for companies and hence higher stock prices ([en.wikipedia.org/wiki/Economic growth](https://en.wikipedia.org/wiki/Economic_growth)).

This study therefore covers the impact of COVID-19 on MSMEs and its preventive measures to Cushioning its adverse effect on the economy of Nigeria.

1.7 LIMITATIONS OF THE STUDY

Several factors were responsible for this study as time constraint, financial constraint, and limited research papers on related study in Nigeria. The researcher also encountered difficulty in getting relevant primary statistical data from NCDC, CBN and SMEDAN due to social distances for the analysis. This is because as at the time of this study, the Nigerian Stock Exchange Library was closed down due to renovation. This made the process of retrieving statistical data for analysis difficult. However, the above-mentioned limitations were properly managed by the researcher and therefore did not hinder the study from achieving its objectives.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter dwells on an in-depth review of relevant literature on the impact of covid-19 on MSMEs. To facilitate easy understanding, the chapter begins with the clarification of the concepts of MSMEs and the origin of Covid-19 in Nigeria. Subsequently, the impact of Covid-19 in the global, African and Nigerian contexts as well as measures to mitigate the adverse impact of Covid-19 were examined. Thereafter, the theoretical foundation and empirical reviews were carried out.

2.2 Conceptual Review

This subsection dwells on a review of the key concepts of the study: micro, small and medium enterprises and the origin of Covid-19.

2.2.1 Concept of Micro, Small and Medium Enterprises (MSMEs)

The definition of MSMEs is as many as the number of countries, institutions and individuals who have interest in this sub-sector of the economy. It is therefore very difficult to define the term Micro, Small and Medium Enterprises because the term is arbitrary in nature and there are many metrics used to measure it. The most commonly used parameters used to define MSMEs include total assets, number of employees, volume of sales, capital base, profit earned, and ownership structure (Goddey, 2009; Ibrahim, 2015). The Nigerian private sector is dominated by MSMEs which they are noted to account for up to 75% of total number of private sector entrepreneurs (Akande, 2016).

The International Development Centre of Stand for Research Institute, University of Kelaniya, Sri Lanka (as cited by Yusuf 2010), provided a universal definition of MSMEs that applies to the manufacturing sector. The Centre defines small and medium scale industries as that segment of manufacturing industry that produces goods in smaller quantities and which has some of the following features: None or minimal management expertise, frequent contact across all the levels of management, difficulty to raise capital

from organized security market; integral relationship with the local indigenous community; and lack of market dominance.

The third National development plan (1975-1980) of Nigeria, defines a small business as any business that has an employee strength of not more than ten (10) persons (Yahaya, Gaidam, & Usman, 2016). Other parameters used to define MSMEs include the possession of fixed and working capital not exceeding N60, 000 as well as being able to employ not more than 50 workers. Furthermore, Taiwo, Ayodeji and Yusuf (2012) qualified firms with an annual turnover of N2 million and a net asset value not more than N1 million as an MSME. The numerous definitions of MSMEs with conflicting parameters was resolved with the introduction of National Policy on MSMEs whereby MSMEs were defined in terms of two generally acceptable parameters as presented in Table 1.

Table 1: Classification Adopted by SMEDAN for National Policy on MSMEs

S/No	Size Category	Employment	Assets (N million) (Excluding land and buildings)
1.	Micro enterprises	Less than 10	Less than 5
2.	Small enterprises	10 – 49	5 – less than 50
3.	Medium enterprises	50 – 199	50 – less than 500

Source: SMEDAN (2010)

From the review so far, first, it can be said that SME has no specific or clear definition across the world. Secondly, the evidence shows that MSMES are usually defined using a combination of quantitative measures even though combination of qualitative measures can as well be used or both. Therefore, it can be concluded that there are many criteria for delineating between micro, small and medium enterprises and no single criterion fits it all.

2.2.2 The origin of the COVID-19 crisis and its spread to Nigeria

The Corona Virus Disease 2019 (Covid-19) is a respiratory infectious disease that was first discovered in Wuhan City, China. The disease is caused by the novel virus: Severe-Acute Respiratory Syndrome Virus 2 (SAV-CORV-2). Prior to the identification of the

virus, there was a reported case of several pneumonia cases in Wuhan (in the Hubei Province of China) (WHO, 2020). The local seafood market in Wuhan from where the virus emanates was closed by the local authorities following the trace of the disease to the area on January 1st, 2020 (Huang et al., 2020; Zhu et al., 2020). The number of infected persons as at the time the seafood market was closed stood at 41 persons. Series of scientific investigations carried out revealed that the novel virus which causes covid-19 can be transmitted from person-to-person (Chan et al., 2020). The virus was later reported to have spread to four countries with a total number of infected cases of 282 as on 21st January 2020. The virus continued to spread in China and many other countries of the world which led to the declaration of the virus as a public health emergency of international concern by the World Health Organization on the 30th day of January 2020 (WHO, 2020). The virus was later on spread to Nigeria on February 28, 2020 and the number of confirmed cases continue to increase thereby leading to shut down in economic activities across all sectors of the economy except those providing essential services. To this end, MSMEs became vulnerable to the lockdown policies as they could not operate as it has been prior to the migration of the virus into the economy.

2.3 Impact of Covid-19 on MSMEs

The coronavirus pandemic has a significant adverse effect on the operations of MSMEs as it affects both the demand and supply of products and services provided by these MSMEs. Apart from its effect on the demand and supply, it also presents a significant challenge in the way MSMEs are being managed as well as to employees. Three reasons have been advanced for the susceptible nature of MSMEs to these effects: First, the labour-intensive nature of MSMEs means that with a total or partial lockdown, it will not be possible for them to make production as a larger part of the workforce remains indoor. Second, the inherent liquidity problem of MSMEs as seen in the limited financial strength of most them thereby making them to depend on support from local banks. And finally, the inability of many MSMEs to provide collaterals that can be used to secure loans/credits from banks. With these challenges on ground and the government policies to mitigate covid-19 spread in the economy, the MSMEs sub-sectors became hard-hit by the pandemic.

The supply side effect is characterized by a decline in labour supply, shortages in supply of raw materials, inadequate utilization of production capacity, and general disruption in supply chain. While the demand side effect included a decline in the quantity of goods and services sold/provided which resulted in loss of revenue, decline in consumers' purchasing power, and severe liquidity crisis. These effects were transmitted on the economy in general thereby increasing unemployment rate due to layoffs, poor revenue generation to the government from various sectors such as tourism and transportation. While the impact of covid-19 can be felt across all kinds of firm whether large or small, the impact is higher in the MSME than large enterprises. This sector now examines these impacts across global, African and Nigerian contexts.

2.3.1 Impact of COVID-19 on the global economy

The covid-19 has had a significant impact on economies across the world. The disease has been described by the Organization for Economic Co-operation and Development (2020) as a pandemic with a double-edged effect on the healthcare and economic sectors of the economy. The disease has challenges fundamental management practices of both small and large firms thereby changing the competitive landscape of the market (Wenzel et al., 2020). The outbreak of the disease forced governments across the globe to adopt various measures to curtail the spread of the disease. Prominent among such measures included a total or partial lockdown of the economies and in some cases, no lockdowns were done.

However, a lockdown approach comes with some consequences that adversely affected economies of countries and the world at large. Some of such effects included a restriction in movement of workforce from one part of the country to the other, banning of local personal and business travels, closure of airports and seaports. These effects culminated into a general slowdown of economic activities across the global economy and experts believed that Covid-19 can adversely affect the growth rate of global GDP (Word Economic, 2020). In fact, the African Development Bank (ADB, 2020) has projected that global GDP will hover around 2.3% and 4.8% as a result of the virus). It has also been projected that the virus will lead to a decline in Foreign Direct Investment (FDI) by 5% - 15% (UNCTAD, 2020a). As a result, the global economy will require an injection of \$2.5

trillion to be able to resist the shock from the adverse effect of the virus (UNCTAD, 2020b). This statistical figure revealed that the effect of Covid-19 on the economy can be more devastating than even the 2008 global financial crisis (UNCTAD, 2020b).

The covid-19 has also had a negative effect on employment rate across the globe. The International Labour Organisation (ILO, 2020a) estimated that Covid-19 could lead to a global job loss of about 25 million people with an estimated income loss of USD3.4 trillion. The ILO also noted that restrictive measures by governments across the globe affected over 81% of the global workforce which they described as the worst crisis the world has experienced since after the Second World War (ILO, 2020b). A country-by-country estimate of the effect of the virus varies and the U.S. for example, is projected to experience a job loss of 3 million with similar trends being expected in Europe and other parts of the world (Siddiqui, 2020).

As noted earlier, Covid-19 affects global demand and supply as a result of restrictive government policies such as border closure, social distancing measures, and issuance of policies and guidelines for small and large firms. In their assessment of the impact of Covid-19 on the economy, the ILO (2020b) noted that the effect of the disease varies across sectors and product categories. For example, it was noted that the economic output of accommodation and food services, real estate, wholesale and retail trade, repair of motor vehicles and motorcycles is 'high', while utilities, public administration and defence, social work activities, human health, and education is 'low'. The measures put in place to reduce the spread of the virus resulted in disruption in the supply of labour, raw materials and intermediate materials for smooth production by MSMEs and large firms across the world. For example, a research conducted by Opinium Research (2020) found that about 7% of SMEs in the U.K. completely closed down operations due to the virus and many others are at the verge of collapsing. Furthermore, despite the use of remote working among measures to cope with the virus and ensure continual production, most MSMEs exited business due to inability to cope with the new normal (Opinium Research, 2020). The demand for products and services across most sectors were also negatively affected while cost of production went high due to the adoption processes that are costly in nature to conduct business (Amankwah-Amoah, 2020; Wolfsteller, 2020).

The environmental shock brought about by the Covid-19 has drained the financial resources of many large and small firms around the world to the extent that most of them are rendered insolvent. As a result, the MSMEs are exposed more to financial distress that most of them are seeking for government intervention in form of subsidies and so on (Cook & Barrett, 2020). The effect of the virus is made worse by the prevalence of excessive corporate debt among the MSMEs and the governments across the world have adopted various measures to relieve corporate debt. However, the measures have been hijacked by politicians in some countries thereby making it difficult for MSMEs without a close tie to individual politicians to access the relieve programmes.

Finally, it should be noted that the effect of covid-19 across the globe will vary according to countries and that the MSMEs in developing countries will be affected more severely than developed countries because of ineffective implementation of stimulus packages (UNCTAD, 2020), weak health infrastructure, high dependence on trade and tourism sectors, higher debts and unstable capital flows (World Bank, 2020). However, the economy will be revived again with a prudent management of the disease.

2.3.2 Impact of Covid-19 on MSMEs in Africa

The MSMEs in Africa have had their own share of the negative effects of Covid-19 just like other continents of the world. Studies on the effect of the disease on African economy abounds and, in most cases, large and small firms had experienced a decline in both demand and supply, unemployment among other challenges. The African Trade Policy Centre (ATPC) of the United Nations Economic Commission for Africa (UNECA) and International Economics Consulting Ltd conducted a joint study using 337 MSMEs and large enterprises across 54 African countries. The results of the survey revealed among other things that: Four out of every five (80%) of the respondents were of the view that the Covid-19 significantly affected their operations. This proportion was observed for all kinds of business sizes. The study also show that small-sized firms were only being able to utilize 30-40% of their capacity as against large-sized firms that were found to be utilizing 50-60% of their capacity. In addition, the level of capacity utilization was not uniform across all the sectors of the economy. Furthermore, cashflow was found to be a major concern for MSMEs while large firms are concerned with the need to adapt their

business model to the crisis. The size of a company's operation determines the extent to which it can easily have access to supplies, and it was glaring that MSEs were not exploring other African countries for the supply of their raw materials. Finally, the closure of businesses in Africa due to the pandemic exposes the African employees to suffering especially those in the MSME sector. It has been predicted that the effect of Covid-19 on Africa and African countries will be high because the continent have a fragile healthcare system (Ohia et al., 2020).

2.3.3 Impact of Covid-19 on MSMEs in Nigeria

The Nigerian economy has also witnessed the adverse effect of the Covid-19 across various sectors of the economy. Recently, a number of studies were conducted to provide empirical evidence of the prevalence and impacts of disease in the economy. For instance, Olapegba et al. (2020) conducted a study on the knowledge and perceptions of Nigerians about COVID-19. Their study found that Nigerians have a misconception about COVID-19 as seen by the belief of some of them that Covid-19 is a biological weapon. As a result of this belief, most of them do not see it wise to adopt some of the preventive measures put in place by government to curtail the spread of the disease. The early figures of covid-19 cases were found to be lower than expected (Adegboye et al., 2020). However, this trend was reversed with time as Nigeria was reported to have the highest number of confirmed cases in West Africa as at June 2020 (Musa, Son-Allah, & Olope, 2020) and third highest in Africa as at April 2020 (Ozili, 2020). They argue that Nigeria's current national health systems cannot respond to the growing number of infected patients who require admission into intensive care units. Study by Jacob et al. (2020) has shown that the lockdown measures by Nigerian government will negatively affect the education sector through the decline in international studies, closure of educational institutions, cancellation of academic conferences and seminars, disrupting academic calendars and creating gabs in teaching and learning, loss of manpower and so on.

The effect of covid-19 on the Nigerian economy can be seen in diverse ways. One of such effects is that it affects the ability of MSMEs to repay loans and/or service interest on loans. This in turn leads to an increase in bank's non-performing loans which affects the bank performance. This scenario makes banks to be reluctant in extending credit to

MSMEs. Secondly, Covid-19 brought about a decline in oil prices across the globe which affected the economy because oil is the main source of income to the country. The fall in oil prices was made worse because restrictive measures preventing travels across the globe and even in some parts of the country led to a decline in demand for petroleum products. Third, there was a disruption in global supplies and these affected firms that rely on raw materials that were imported from countries such as China. This affected the Nigerian economy severely because the country is import-dependent country. Furthermore, the national budget was also adversely affected because of the effect of virus on oil price and suspension of business and governmental activities.

Covid-19 has had a significant effect on the Nigerian economy and MSMEs subsector in particular. These effects on MSMEs were transmitted to the MSMEs through a decline in oil prices, rising inflation rate, depreciation of the naira value relative to the USD, and job losses. The impact of covid-19 also includes a lockdown of economic activities in major cities such as Lagos, Abuja, Ogun, Kano, and so on which resulted in loss of revenue accrued to MSMEs in these major cities and beyond; a decline in oil prices and withdrawal of investment by investors (Ozili, 2020). Furthermore, MSMEs experience a dwindling cashflow and most of them could not meet up with important deadlines, travel bans, disruption in global supply chain, and inability to conduct business meetings (KPMG, 2020).

2.4 Measures to Mitigate the Effects of Covid-19 on MSMEs

Governments of various nations have responded to the Pandemic by putting down measures such as lockdowns, shutting down of economic activities, giving out what is termed palliatives in many countries to workers and companies (OECD, 2020). These measures were put on ground by government in order to reduce the rapid spread of the virus. Some of these measures such as travel restrictions, total country lockdown, and curfew and so on have caused disruption in various ways around the world (KPMG, 2020). The discovery of the coronavirus and its spread has led many governments to take drastic measures. The lockdown of large parts of society and economic life has come as an exogenous shock to many businesses, not least innovative start-ups (Kuckertz, 2020). The lockdown measures as a response to the spread of the new coronavirus threaten the

existence of many innovative start-ups (Kuckertz, 2020). In the United Kingdom, for instance, the government comes up with various schemes that will assist various business groups. Some of these schemes includes Business interruption loan scheme, Job retention scheme, business rate holidays, small business grant fund, deferral of VAT and business tax payments, deferral of self-assessment payments, retail, and hospitality grant scheme. Policymakers and supervisory parastatal worldwide have put a lot of palliative measures that can reduce the negative effect of the impact of COVID-19 Pandemic on businesses and households (KPMG, 2020).

Like many other countries of the world, Nigeria has put up palliative measures to ensure the stability of its economy. These measures include on March 16, 2020, the Central bank of Nigeria (CBN) announced some palliative measures to ensure the stability of the economy; Reduction of interest rate on all CBN intervention loans from 9% to 5% per annum. Extension of Moratorium period on all principal repayment on CBN facilities by one year, with effect from 1st of march, 2020; N50b (\$129.5m) credit facility through Nigeria Incentive-Based Risk Sharing for Agricultural lending (Nistral) Microfinance bank for household SMEs has gone through an adverse effect of Pandemic; Consideration of a temporary and time-limited restructuring of the tenure and loan terms for households and business by Deposit money banks (DMRs); Extension of ₦100billion credit support pharmaceutical firms that intend to expand or start drug manufacturing plans in Nigeria and healthcare practitioners who plan to build or expand first-class health facilities.

Furthermore, the Nigerian stock exchange extended the filing of accounts by 60days. Waiver of import duties on medical goods from 1st of March to 31st of December 2020. The Federal Inland Revenue Service (FIRS) also came up with some measures: Extension of filings for monthly Value Added Tax (VAT) and Withholding tax (WHT) from 21st day to the last working day of the following month to the Returns is applicable. Extension of filing of Accounts by one month for companies with a year ended December 31, from June 30 to July 31, filing of company's income tax returns with unaudited accounts. Federal inland revenue service (FIRS) also encourages the use of electronic platforms to conduct desk reviews, tax audits, and responses by taxpayers. Extension of filing of personal income tax returns by Lagos state government by two months, March

31 to May 31, 2020, while the Federal Inland Revenue Service is covering Abuja by extended its returns from March 31 to June 30, 2020.

Under the COVID-19 Regulation 2020, the federal government implemented a three-month repayment moratorium for all farmer, trader and market money loans. Direct food/cash distribution to vulnerable households. Provision of ₦1trillion for loans to increase local production and manufacturing in critical sectors of the economy. On March 24, 2020, the House of Representatives passed the Emergency Economic Stimulus bill, 2020. The highlight of the bill includes 50% income tax rebate on Pay as You Earn to protect employees from loss of their jobs; suspension of import duties on medical equipment, personal protective gears, and medicine; three months in the first instance deferral on mortgage obligations on residential mortgages obtained by individual contributors to the National Housing Fund.

MSMEs need to consider digitalization as a survival strategy. This is part of the new normal; Digital marketing through social media is like marketing products and services without a boarder. Also, MSMEs need to examine their expense lines to cut costs. This can involve cutting down on rent by taking smaller office space, sharing office space, staff reduction, and investing in solar energy instead of using generators. Furthermore, MSMEs can also consider their staff working on alternative days, working from home, usage of contract staff, leave for idle staff, temporary pay cuts, revision of variable pay schemes, staff rotation, salary restructuring, hazard pay for frontline staff that cannot work from home (KPMG, 2020). MSME owners need to motivate and galvanize their staff as a survival strategy to achieve the maximum possible. MSME owners need to think outside the box and come up with innovations that can elevate their business; also, it is an opportunity for owners and staff of MSMEs to educate themselves.

Concerning their areas of business, there are a lot of Webinars that relate to various sectors of the economy during this period. MSME owners can also collaborate in the areas of information technology, research, and development. MSME owners can become hybrid entrepreneurs by investing in order forms of business to boost their income. Business owners can take advantage of various government initiatives, like loans rescheduling, various palliative measures, and loans at low-interest rates made available

by the government, for the example, N50b loan packages made available to individuals and MSMEs.

2.5 Theoretical foundation: Organizational crises and crisis management

The organizational crises and crisis management provides the theoretical foundation upon which this study will be grounded. There have been many different literatures with different directions on organizational crisis management in recent years. These different directions in the literature on this area covers finance, accounting and management perspectives (Hale et al., 2005), strategic responses to a crisis (Baron et al., 2005) and handling of employees (Harvey and Haines Iii, 2005). The literature on crisis covers a wide range of areas with some dwelling on crisis caused by a company (Bundy et al., 2017), while others cover crisis caused by natural disasters (Runyan, 2006). Irrespective of the source, scholars generally believe that a crisis must possess certain features for it to be considered a crisis in the management context (Runyan, 2006). These characteristics include a sudden change in a system or parts of the system (Greiner, 1989), it must pose a challenge the existential nature of the organization (Witte, 1981), it must have an adverse effect on a large number of stakeholders (Elliott and McGuinness, 2002), it's chances of occurrence is low but when it does occur it presents a significant effect and requires little time for decision-making (Hills, 1998; Pearson and Clair, 1998).

Crisis usually result in a change in relationship with stakeholders (Coombs, 2007; Pfarrer et al., 2008) or adoption of a survival strategy through adaptation and learning effects (Lampelet al., 2009; Veil, 2011; D'Aveni and MacMillan, 1990). It worthy of note that, not all crises result in negative effects for stakeholders. In fact, research has shown that crisis spurs innovation and makes companies to identify new market opportunities (Faulkner, 2001). Research has shown that crisis is viewed differently by managers and their views presents crisis as either an opportunity or threat to the existence of the organizations they manage. The actions taken by managers in times of crisis depends on how they see it: an opportunity or a threat. When they see a crisis as a threat, they usually react while when they see it as an opportunity, they take a proactive approach to management (Brockner and James, 2008; Dane and Pratt, 2007; James and Wooten, 2005).

Consequently, Wenzel et al. (2020) provided the following four strategic crisis responses approaches that a firm can adopt in times of crisis such as the covid-19. It is this framework that forms the basis of the analysis of the impact of covid-19 on MSMEs:

- (1) Retrenchment: this approach is adopted by firms with a view to reduce its cost of operations (Pearce and Robbins, 1993) and complexity (Benner and Zenger, 2016). The approach presents both good and bad effects. On the good side, the firm will improve its' liquidity position for a long-term recovery (Pearce and Robbins, 1994) while on the bad side, this strategy often times lead to a decline in performance (Barker & Duhaime, 1997). Furthermore, in the long run, the strategy can alter the resource use and culture of the organization which are strategic assets (Ndofor et al., 2013).
- (2) Persevering: This strategy entails that the firm continues to endure the crisis by sustaining its operations. The positive effect of this strategy is that the firm can maintain its strategic value which can be depreciated had it succumb to changes by the crisis (Stieglitz et al., 2016). However, Wenzel et al. (2020) cautions that the duration of the crisis is often times an important determinant of its success.
- (3) Innovating: This strategy dwells on the strategic renewal of the business by forcing the company to think about new ways of doing things (Roy et al., 2018). In this way, the business is able to discard business models that have become stale for a more robust one (Clauss, 2017). Research has shown that external crisis are often times the most motivating factor for business model innovation (Clauss et al., 2019). To this end, Wenzel et al. (2020) noted that innovating strategy is the only strategy that can have a long-lasting effect on a firm and makes it to emerge stronger for the future. However, the ability of a firm to adopt an innovating strategy will be hampered if not made impossible when a firm is experiencing low liquidity.
- (4) Exit: This is the last possible course of action that a firm can take especially when it is not possible to adopt any of the preceding strategies. The strategy can lead to the release of resources for other business opportunities (Carnahan, 2017). Therefore, an exit strategy can help a firm to free up resource in an unsuccessful business for a new business opportunity (Ren et al., 2019).

The covid-19 is having therefore, presented a crisis to firms both large and small and most of them have adopted one of the organizational crisis management approaches described in the literature above.

2.6 Empirical Review

There have been numerous studies that reported devastating effects of pandemic on MSMEs. In Turkey for example, the 1999 earthquake causes a lot of damages to MSMEs which was estimated to be \$1.1– 4.5 billion (Asgary et al., 2020). In a similarly manner, the flooding in Thailand in 2011 affected at least 557,637 enterprises which resulted to 2.5 million job losses, and about 90% of these enterprises were MSMEs (Auzzir et al., 2018). Likewise, in 2014, over 13,000 MSMEs were affected as a result of flooding in Malaysia (Auzzir et al.,2018). Further, in 2016, a tropical storm as reported by Samantha (2018) severely hit western parts of Sri Lanka, which causes a lot of damage to society including public property and MSMEs. Developed countries also had similar experience of disastrous effect on MSMEs. MSMEs in the U.K. for instance suffered tremendously from Foot and Mouth Disease outbreak in 2001. This outbreak leads to over 5 billion lose particularly in the non-farming (Bennett & Phillipson, 2004).

A research done on the impact of impact of COVID-19 pandemic on micro, small, and medium-sized Enterprises operating in Pakistan revealed that the COVID-19 pandemic severely affected the micro, small and medium scale enterprises. The study adopted an exploratory methodology where available literatures were comprehensively reviewed. Questionnaire were administered online to 184 Pakistani MSMEs and data were collected. The descriptive statistics were used in analysing data collected and result were presented in charts and Tables. The results of the analysis indicate that most of the enterprises that participated in the survey have been affected severely and they are confronted with numerous issues such as financial, irregular supply chain, drastic decrease in demand, reduction in sales and profit, among others. The findings of the study also indicate that over 83% of enterprises has no plan for unforeseen circumstances. Further, more than two-thirds of participating enterprises reported that they might ceased operation if the lockdown exceeds two months (Mohsin, Junrong & Wenju, 2020).

Imanche, Tian, Tasinda and Salisu (2020) studied the effect of COVID-19 Pandemic on Small and Medium Scale Businesses in Nigeria. The study reveals that the economic effect of COVID-19 pandemic will be detrimental to the survival of MSMEs in Nigeria. In their study it was found that MSMEs find it difficult to survive as the pandemic continues to ravage the country this was due to the reduction in the production volumes and unfavourable market conditions. The study's findings revealed that movement restriction, declined in consumer spending, and decrease in imports affects Nigerian MSMEs negatively.

Diana, Evelyne Olivia and Anup (2020) studied the impact of the COVID-19 pandemic on micro, small, and medium enterprises in Kenya and found out that the outbreak of COVID-19 has leads to unprecedented income losses among MSMEs. Also, MSMEs are not certain about their future. The study also revealed that most MSMEs lack financial reserves to meet expenses during this outbreak. The study found that only 39% of Kenyans have made provision for funds to manage emergencies that arise from loss of income. MSMEs in Kenya need support to access and adopt digital technologies which will enable them to respond to the current outbreak and for long-term transformation.

GAIN (2020) conducted a study with the title "Impacts of COVID-19 on Small- and Medium-Sized Enterprises in the Food System". Questionnaire were shared online via email with firms in three food system networks convened by GAIN and/or WFP from 29 April to 19 May 2020. Out of the several questionnaires shared, 363 firms responded. The Data retrieved from the respondents were analysed with aid of Stata SE15 (StataCorp, 2017). The result from the analysis revealed that 94% of the Small- and Medium-Sized Enterprises in the Food System reported being impacted by the pandemic, 82% experience decreased in sales volume, 49% had difficulty in accessing inputs and 44% had difficulty in paying staff salaries.

Olufemi (2020) conducted a study with title "managing small businesses in Nigeria during COVID-19: impact and strategies". The study specifically focused on examining the impact and survival strategies for Small and medium enterprises in Nigeria during the COVID-19 outbreak. Quantitative research technique was adopted in the study. Questionnaires as an instrument for data collection were distributed to 360 SME owners in Lagos with 60 each in six commercial areas. 342 of the 360 questionnaires

administered were returned and used for analysis. The data collected were analysed using descriptive statistics. The result from the data analysis revealed that the COVID-19 Pandemic's impact on SMEs in so many ways. This includes a reduction in revenue, reduced staff salaries, and government not doing enough to curtail the spread of the Pandemic. The study also found that SMEs inability to repay loans, rent, and salaries are some of the significant problems faced by SMEs. It was suggested by the respondents that the government should lower interest rates, relax loan, and tax repayments.

Bartik, Bertrand, Cullen, Gbeser, Luca, and Stanton (2020), conducted a survey of more than 580 SMEs, between March 28 and April 4, 2020. The result revealed that there were mass layoffs, closure of business, different beliefs about the likely duration of the COVID related disruptions, many businesses are financially on the brink, and most businesses planned to seek funding. COVID 19 has caused a significant economic shock (Seth, Ganaie, andZafar 2020). Drop-in oil prices, Naira under severe pressure to Dollar current official rate, rising inflation, significant job losses. In March 2020, it was estimated that the impact of COVID-19 would result to an increased in global unemployment of between 5.3m (low scenario) and 24.7m (high scenario) ILO, 2020). KPMG (2020) also reported other impact of COVID-19 as the continuous protection of workers' health and safety and reducing workers' exposure to COVID-19 in the workplace. A characteristic of the Pandemic has been the switch from face to face to digital connection for schooling, higher education, business meetings, health consultations, shopping, and cultural events (Phillipson et al., 2020).

Haleem et al. (2020) show that COVID-19 has affected daily activities which has resulted in slowing down the global economy. They argue that slowing down of the manufacturing goods, disruption in product supply chain, declined in national and international business, inadequate cash flow, very slow revenue generation were some of the economic effects of coronavirus. They also argued that cancellation of large-scale sports and tournaments, unfavourable conditions for celebrations, peers and family members social distancing, hotels, restaurant, religion places and places of entertainment closures and so on were the social consequences of the COVID-19 outbreak. Fornaro and Wolf (2020) uses a simple model in their study and found that coronavirus triggered a negative supply shock.

A study conducted by Ozili and Arun (2020) found that measures put in place to curtail the spread of the virus such as the increasing number of lockdown days, monetary policy decisions and restriction or banning of international travel has severe effect on global economic activities. Also, they observe that measures such as the restriction on the internal movement of people and high level of fiscal spending negatively impacted on the level of economic activities. Many governments around the globe took drastic measures as a result of coronavirus (SARS-CoV-2) and the spread of COVID-19 (Kuckertz et al., 2020). They argue that the lockdown of large parts of society imposed by government and economic life came as an exogenous shock to many economic actors and innovative start-ups. Oruonye and Ahmed (2020) found that the tourism industry was affected when most states and cities were shut down as a result of the outbreak and spread of COVID-19 disease in Nigeria. Zhang et al. (2020) state that the outbreak of coronavirus (COVID-19) had a significant effect on financial markets all over the globe. The unprecedented risk created by the COVID-19 outbreak causes investors to suffer severe losses within a short period of time. Ozili (2020) analyses the COVID-19 spill overs to Nigeria and finds that the crisis caused by the pandemic were more severe in the Country as a result of the existence of structural weaknesses in Nigeria.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the methodology that is employed in conducting this study. Specifically, the chapter describes the study design, the sample, methods of data collection, procedure followed as well as method of data analyses.

3.2 Design of the Study

The design of a study presents the blueprint or strategy that a researcher intends to adopt to study a phenomenon. Thus, Sekaran and Bougie (2016) see research design as the blueprint or plan for the collection, measurement and analysis of data, created to answer research questions. Though there are many research designs approaches that a researcher can adopt, this study founds the survey research design as appropriate. Furthermore, the study will adopt the cross-sectional survey research design in which data are collected from the respondents through questionnaire in one period of time. This method enables the researchers to collect and analyse quantitative data as well as suggesting the reasons for the relationship between the variables of interest (Thornhill, Saunders, & Lewis, 2009). In addition, a survey method is used when a researcher is interested in studying the opinions, feelings, and thoughts of the respondents about a particular situation. Hence, survey research design will be appropriate for this study.

3.3 Sample

The number of MSMEs in Nigeria which constitutes the population of this study was 41,543,028 (SMEDAN & NBS, 2017). In situations where the population of the study is large, studying the whole population may be hectic in terms of time and cost, as such samples are usually taken to represent the population. According to Mills and Gay (2018, p.147), a sample “is a group of individuals, items or events that represents the characteristics of the larger group or population”. This implies that a certain number of individuals or events or entities forms the sample of the study and it is this number of entities included in a sample that is referred to as the sample size (Easterby-Smith, Thorpe, & Jackson, 2015). To qualify as a scientific study, appropriate sample size determination techniques must be used and, in this study, the Krejcie and Morgan (1970) table was used. Based on this table, the sample size of the study is 384. However, in order to account to nonresponse bias/attrition, this sample size figure was increased by 30% which yielded 115. Hence, 499 MSMEs will be selected and used as respondents of this study.

In order to contact the sample, the cluster sampling technique will be employed in this study. This type of sampling technique involves dividing the population into clusters or groups and it is considered appropriate for this study because the population of the study is large and spread over a wide geographic coverage. Mills and Gay (2018) further contend that cluster sampling may be the only feasible method of selecting a sample when the researcher is unable to obtain a list of all the members of the population. This type of sampling technique has the advantage of maximizing the amount of data the researcher can collect using personal method of data collection, as it restricts the study

sample to a relatively few sub-areas (Saunders, Lewis, & Thornhill, 2016). However, it may also reduce the representativeness of your sample.

3.4 Methods of Data Collection

Primary data will be used in this study. The primary data will be collected using questionnaire. A questionnaire is a written list of questions, the answers to which are recorded by respondents (Kumar, 2011). In a questionnaire, respondent read the questions, interpret what is expected and then write down the answers. Structured questionnaire will be used in this study in which the possible answers to some statements are set out in the questionnaire and the respondents tick the category that best describes their level of agreement with the statements. This type of questionnaire enables to researcher to easily enter the data in statistical software/spreadsheet applications for easy analysis. On the other hand, it is disadvantageous in the sense it restricts the number of response options that can be generated from the respondents. However, this limitation can be overcome by incorporating an exhaustive list of all possible options from which the participants can choose (Privitera, & Ahlgrim-Delzell, 2019).

The questionnaire will be divided into six sections with section A being on the profile of the respondents while sections B to F will cover five variables each of the study. The questionnaire items were adapted from various sources. Specifically, items on effect of the declaration of the emergency state and the business suspension request were adapted from Shafi, Liu and Ren (2020). Sample items on this section includes: "higher rate of employee absenteeism", "supply chain disruption" etc. The questionnaire items on impact of the subsidy schemes were adapted from the work of Zeidy (2020) and the

sample items included: “Nigerian government have stepped up direct lending to MSMEs through public institutions”, “Measures are deployed in the country to sustain short-term liquidity of MSMEs”, etc. The questionnaire items for MSMEs Survival were adapted from Raymond, Marchand, St-Pierre, Cadieux, and Labelle (2013); and Gualandris, Golini, and Kalchschmidt (2014). The measurement items for the medium-run economic impacts of successfully controlling COVID-19 infection was adapted from Zeidy (2020); while business performance measurement items were adapted from Gounaris and Avlonitis, (2001)

The questionnaire will be based on five-point Likert rating scale ranging from 1 = Strongly Disagree to 5 = Strongly Agree.

3.5 Procedures Followed

The instrument of data collection will be administered to the respondents using the personal method. This means that the questionnaires will be administered to the respondents personally by the researcher with the help of research assistants. Prior to the administration of the instrument, the researcher will train the research assistants on the modalities of data collection. This will also help them to become acquainted with the purpose of the study and to effectively answer any questions that may arise from the respondents during course of data collection. Furthermore, each of the MSMEs, will be required to sign an informed consent form that shows their willingness to participate in the study. The personal method of data collection is chosen so as to ensure the achievement of a greater response rate through the establishment of rapport with the respondents and clarifying areas of doubts in the questionnaire immediately/on the spot.

Privitera, and Ahlgrim-Delzell (2019) contend that personal method of data collection tends to increase the probability of obtaining a representative sample when the sample is made up of older adults. In addition, personally administered questionnaires can enable a researcher to cover a large number of individuals at the same time, as it is less expensive and does not require much time compared to interview. However, it is susceptible to bias as the researcher may end up explaining the questions differently to different people in the course of administration; participants may be in fact answering different questions as compared to those to whom the questionnaire was mailed (Sekaran, & Bougie, 2016). Furthermore, personal method administration usually takes a lot of time and effort to be performed.

3.6 Pilot Test

A pilot study will be conducted. The researcher will carry out pilot study with 45 MSMEs in Bauchi State. Data will be collected from the pilot study and will be analysed where the Cronbach's alpha will be determined to ascertain the internal consistency of the instrument.

3.7 Method of Data Analysis

The data collected through the use of questionnaire will be analyzed using descriptive statistics and regression. Specifically, descriptive statistic of simple percentage and mean computation will be used to provide answer to the research questions while inferential statistical tool of regression will be used to measure the effect of COVID-19 pandemic on

MSMEs. All the analyses will be done with the help of the Statistical Packages for the Social Sciences (SPSS) Version 25.

Pilot Study

A pilot study was conducted using 45 MSMEs in Bauchi State. The result of the pilot test was used to determine the reliability of the measurement items. Table 1 shows the Cronbach alpha value for all the constructs and it can be seen that all the values were above the recommended 0.70 threshold (Nunnally, & Bernstein, 1996). Thus, it was concluded that the items have good internal consistency, and the study can move to the next stage.

Constructs	Number of Items	Cronbach Alpha
Emergency state and the business suspension request	6	.869
Subsidy schemes	6	.914
MSMES Survival	5	.922
Controlling COVID-19 Infection	5	.900
Business Performance	5	.748

Reliability Statistics

Cronbach's Alpha	N of Items
.869	6

Reliability Statistics

Cronbach's Alpha	N of Items
.914	6

Reliability Statistics

Cronbach's Alpha	N of Items
.922	5

Reliability Statistics

Cronbach's Alpha	N of Items
.900	5

Reliability Statistics

Cronbach's Alpha	N of Items
.748	5

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS, AND INTERPRETATION

4.1 Introduction

This Chapter presents the data collected from the field through structured questionnaires as well as the analysis and interpretation thereof. The chapter provided the response rate analysis, respondents profile information, data coding and cleaning, exploratory factor analysis, validity and reliability of data, descriptive analysis, hypotheses testing, and summary of findings.

4.2 Response Rate

A total of 499 copies of the structured questionnaire were administered to MSMEs owner-managers in Lagos State. However, 401 copies of the questionnaires were retrieved back. This means there was 80.4% response rate.

4.2 Data Coding and Cleaning

The returned questionnaires were coded into the statistical packages for the social sciences (SPSS) version 23 for analysis. The coded data were cleaned by examining missing data, outliers, and normality. One of the most pervasive problems in data analysis is missing data which occurs as a result of errors in data collection or data entry or from the omission of answers by respondents (Hair, Black, Babin, & Anderson, 2014). There are two approaches to handling missing data: delete or retain cases/variables with missing variable. Tabachnick and Fidell (2013) argued that data with at most 5% missing cases should retain for analysis except otherwise. Thus, an observation of the case-by-case missing values revealed that 8 observations had more than 5% missing values. In other words, 8 respondents did not tick more than 5% of the questionnaire items and such observations were dropped from the study on the authority of Tabachnick and Fidell (2013). The remaining observations with lesser than 5% missing values were retained. Though, there are several approaches to estimating missing data, this study adopted the mean substitution method. This approach involves estimating the mean values for the missing values to replace the missing data (Tabachnick, & Fidell, 2013). This mean imputation is conducted by applying the SPSS procedure with a 'Replace with mean' option which calculates the mean value for the variable and gives the missing case the value (Pallant, 2011).

Another important factor that unduly affects the result of multivariate analysis is outliers which has been defined as observations that are substantially different from the other observations, by either having extremely high or very low scores/values on one or more variables (Hair, Ringle, & Sarstedt, 2011). Outliers are found in both univariate and

multivariate situations, among both dichotomous and continuous variables, among both IVs and DVs, and in both data and results of analyses (Tabachnick, & Fidell, 2013). In this study, Boxplot command was used to assess univariate outliers – outliers that have an extreme score on a single variable. A number of univariate outliers were identified using the explore function of SPSS and they were all retained because the outliers were not as a result of miscalculation or data error. Denis (2019) suggested that it would dishonest data analysis, even worst, dishonest science to delete outliers from one's data unless the researcher can justify based on his/her substantive knowledge of the area under study that such data point could not have reasonably been expected to have arisen from the population he/she is studying.

Furthermore, screening continuous variables for normality is a crucial phase in a multivariate analysis. Normality of variables is assessed by either statistical or graphical methods. Two components of normality are skewness and kurtosis. In other words, values of skewness and kurtosis can help to estimate normality in a large sample data. According to Field (2018) the resulting z-scores of skewness and kurtosis can be compared against values that one would expect to get if skew and kurtosis were not different from 0. So, an absolute value greater than 1.96 is significant at $p < 0.05$, above 2.58 is significant at $p < 0.01$ and above 3.29 is significant at $p < 0.001$. Based on the output presented in table 2, skewness values of all the items fall between -0.954 and 1.036, while that of kurtosis fall between -0.467 to 1.058. This indicates that all the skewness and kurtosis values of the items were within the normality cut-off point of ± 2.58 (Field, 2018; Ghasemi, & Zahediasl, 2012). Thus, it can be concluded that evidence of normality of data exist.

Table 2: Normality Test

	N	Minimum	Maximum	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
B1	393	1.00	5.00	-.570	.123	-.273	.246
B2	393	1.00	5.00	-.450	.123	-.392	.246
B3	393	1.00	5.00	-.827	.123	.486	.246
B4	393	1.00	5.00	-.687	.123	-.208	.246
B5	393	1.00	5.00	-.941	.123	.764	.246
B6	393	1.00	5.00	-.891	.123	.674	.246
C1	393	1.00	5.00	-.472	.123	-.315	.246
C2	393	1.00	5.00	-.287	.123	-.428	.246
C3	393	1.00	5.00	-.247	.123	-.467	.246
C4	393	1.00	5.00	-.326	.123	-.327	.246
C5	393	1.00	5.00	-.355	.123	-.446	.246
C6	393	1.00	5.00	-.501	.123	-.092	.246
D1	393	1.00	5.00	-.755	.123	-.015	.246
D2	393	1.00	5.00	-.821	.123	.658	.246
D3	393	1.00	5.00	-.717	.123	.115	.246
D4	393	1.00	5.00	-.923	.123	.648	.246
D5	393	1.00	5.00	-.954	.123	.981	.246
E1	393	1.00	5.00	.797	.123	.307	.246
E2	393	1.00	5.00	.780	.123	.431	.246
E3	393	1.00	5.00	1.001	.123	1.030	.246
E4	393	1.00	5.00	.908	.123	.571	.246
E5	393	1.00	5.00	.678	.123	-.048	.246
F1	393	1.00	5.00	.825	.123	.514	.246
F2	393	1.00	5.00	.897	.123	.607	.246
F3	393	1.00	5.00	.886	.123	.489	.246
F4	393	1.00	5.00	1.004	.123	1.023	.246
F5	393	1.00	5.00	1.036	.123	1.058	.246
Valid N (listwise)	393						

4.3 Respondents' information

The section presents the profile of the respondents of the MSMEs that were used for study. The information provided include the number of employees, total asset and number of years the MSME has been in operation.

Table 3: Profile of Respondents

Item	Classification	Frequency	Percentage
Number of Employee	Less than 10	146	37.2
	10 – 49	178	45.3
	50 – 199	69	17.6
Total Asset	Less than ₦5 million	129	32.8
	₦5 million – Less than ₦50 million	180	45.8
	₦50 million – Less than ₦500 million	84	21.4
Number of Years Firm has been in Business	0 – 5 years	77	19.6
	6 – 10 years	95	24.2
	11 – 15 years	82	20.9
	16 – 20 years	83	21.1
	21 years and above	56	14.2

Source: Field Survey, 2020

Data presented in table 3 shows 146(37.2%) of the firm under study has less than 10 employees, 178(45.3%) of the firm has 10 – 49 employees and 69(17.6%) of the firm has 50 – 199 employees. This suggest that that majority of the firm has 10 – 49 employees. In terms of total asset of the firm under study, table 3 revealed that 129(32.8%) of the firms have less than ₦5 million, 180(45.8%) of the firms have total asset between ₦5 million to less than ₦50 million and 84(21.4%) of the firms have total asset of ₦50 million to less than ₦500 million. The analysis based on number of years firm has been in

business as presented in table 3 revealed that, 77(19.62%) of the firms has been in business for 0 – 5 years, 95(24.2%) of the firms has been in business for 6 – 10 years, 82(20.9%) of the firms has been in business for 16 – 20 years and 56(14.2%) of the firms has been in business for 21 years and above.

4.4 Exploratory Factor Analysis

An exploratory factor analysis (EFA) was conducted to ensure the unidimensionality of the scales (Narasimhan & Jayaram, 1998). Anderson, Gerbing, and Hunter (1987) defines unidimensionality as the existence of a single concept underlying a group of measures. A principal component factor analysis with varimax rotation was used to detect the underlying dimensions. The result presented in table 4 revealed that the rotation converged in six (6) iterations. The Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy, which determines the extent to which data are appropriate for factor analyses, yielded a result of .937. Tabachnick and Fidel (2013) report that any KMO score above .60 indicates the appropriateness of factor analysis. A test statistic of .937 (df = 351, $p < .001$), therefore, provided strong evidence that factor analysis was applicable for data analysis in this research.

In addition, underscoring the suitability of factor analysis are the results of Bartlett's Test of Sphericity, which, according to Hinton, Brownlow, McMurray and Cozens (2004) determines whether or not a relationship exists between the variables: as it will be purposeless to undertake a factor analysis when no relationship exists between the variables. The authors suggested that an appropriate p-value, should be < 0.05 when factor analysis is being considered. The p-value in this study is .000, which indicates that factor analysis presented as a highly relevant technique to employ for this research.

Insofar as the above measures indicated the suitability of factor analysis for this research, the analysis was conducted accordingly.

In addition, the five (5) components extracted have a cumulative total variance explained of 70.340% which is greater than the threshold value of 50% (Hair, *et al.*, 2011) and the factor loadings were greater than 0.35 for sample size of at least 250 which was proposed as the threshold value by Hair, *et al.* (2014). The results showed that all of the items loaded on the specific factor they were intended to measure except one item of the controlling covid-19 infection (E5). This item otherwise known as nuisance item – was deleted.

Based on the result of the rotated component matrix in table 4, the components were named accordingly as follows: component one (F1-F5) was named Business Performance and had five items; component two (C1-C6) was named subsidy schemes and had six items; component three (D1-D5) was MSMEs survival had five items; components four (B1-B6) was named emergency state and the business suspension (6 items) while component five (E1-E4) was named successful control of Covid-19 infection and had 4 items after deleting one because it did not loaded on the intended factor. Thus, it can be said that the EFA results demonstrate that unidimensionality is ensured.

Table 4: Rotated Component Matrix

	Component				
	1	2	3	4	5
Eigen Values	12.621	2.279	1.794	1.241	1.056
Percentage of Variance Explained	46.745	8.442	6.646	4.596	3.911
Cumulative % of Variance	46.745	55.187	61.833	66.429	70.340
F4	.799				
F2	.794				
F1	.730				
F5	.704				
F3	.702				
E5	.586				
C5		.809			
C2		.797			
C4		.767			
C3		.730			
C6		.699			
C1		.685			
D1			.836		
D3			.777		
D2			.773		
D4			.741		
D5			.565	.419	
B5				.791	
B4				.727	
B6				.613	
B3				.586	
B1			.486	.570	
B2				.455	-.421
E4					.714
E2					.707
E1					.704
E3	.439				.637
Extraction Method: Principal Component Analysis.					
Rotation Method: Varimax with Kaiser Normalization.					
a. Rotation converged in 6 iterations.					
b. Kaiser Meyer Olkin (KMO) Measure of Sampling Adequacy = .937					
c. Bartlett's Test of Sphericity Approx. Chi-Square = 7990.672.					
d. DF = 351; Sig. = .000					

4.4.1 Common method bias

Based on the recommendation of Podsakoff and Organ (1986), common method variance was assessed through Harmon's one-factor test. Table 4 shows that the five dimensions with initial eigenvalues greater than 1 (1.056 – 12.621), which accounted for 70.340% of the total variance explained. The first components accounted for 46.745%, while the other components have a lower percentage of variances. As no component has more than 50% of the total variance explained, common method bias was not suspected as an issue with the data used in this study.

4.4.2 Reliability test

The internal consistency or reliability of the refined scale was assessed by Cronbach's alpha. In general, reliability coefficients of 0.70 are considered satisfactory (Nunnally, & Bernstein, 1994). Therefore, an examination of the constructs reliability in table 5 indicates that all factors have good internal consistency suggesting the items are highly reliable.

Table 5: Reliability Statistics

Construct	Number of Items	Cronbach Alpha
Emergency state and the business suspension request	6	.871
Subsidy Scheme	6	.893
MSMEs Survival	5	.892
Successful Control of Covid-19 Infection	4	.904
Business Performance	5	.921

4.4.3 Construct validity

Construct validity involves testing for both convergent and discriminant validity. Convergent validity measures the similarity or convergence between the individual items measuring the same construct (Chen & Paulraj, 2004). In this study, convergent validity is assessed using EFA and a construct is considered to have convergent validity if its eigen value exceeds 1.0 (Hair, Black, Babin, Anderson, & Tatham, 2006). In addition, all the factor loadings must exceed the minimum value of 0.30 and the cumulative total variance explained should be at least 50%. As it can be seen in table 4 that, all the loadings are quite high (i.e., above the 0.30 recommended threshold) and their eigen values exceed the minimum criterion of 1. Thus, suggesting the evidence of convergent validity.

Discriminant Validity (DV) statistically test whether two similar, but different constructs differ. It is also evaluated via both constructs & items Correlations. In respect of *constructs correlation*, Tabachnick and Fidel (2013) strongly caution including two (independent) factors with a correlation of 0.7 or more in the same model. Others are more liberals e.g., 0.85 (Garson, 2006; Farrell, 2010). Thus, an examination of construct reliability presented in table 6 suggested that there was no high correlation of above .70 thus, establishing discriminant validity.

Table 6: Correlation Analysis

Constructs	EBS	SS	MS	SCC	BP
Emergency state and the business suspension (EBS)	1				
Subsidy Scheme (SS)	.556**	1			
MSMEs Survival (MS)	.663**	.509**	1		
Successful Control of Covid-19 Infection (SCC)	-.690**	-.513**	-.575**	1	
Business Performance (BP)	-.676**	-.501**	-.567**	.772**	1

** Correlation is significant at the 0.01 level

4.5 Presentation and Data Analysis

4.5.1 Descriptive Analyses

Table 7: Effect of the declaration of the emergency state and the business suspension request

Items	SA	A	U	D	SD	Mean	Std. Dev.
Higher rate of employee absenteeism	97	159	88	42	7	3.7557	1.00070
Supply chain disruption	75	155	102	51	10	3.5954	1.01854
Reduction in production	104	158	95	19	17	3.7964	1.02484
Reduction in profit	102	151	80	43	17	3.7074	1.09887
Reduction in sales	102	180	74	23	14	3.8478	.99044
Decrease in demand	110	171	79	21	12	3.8804	.97857

Source: Field Survey, 2020

Table 7 presents the respondents opinion on the effect of the declaration of the emergency state and the business suspension request hurt the performance of the MSMEs sector. The respondents agreed that the declaration of the emergency state and the business suspension resulted to higher rate of employee absenteeism (mean = 3.7557, std dev. = 1.00070). The respondents also agreed that the declaration of the

emergency state and the business suspension request leads to supply chain disruption (mean = 3.5954, std Dev. = 1.01854); reduction in production (mean = 3.7964, Std Dev. = 1.02484); reduction in profit (mean = 3.7074, Std Dev. = 1.09887); reduction in sales (mean = 3.8804, Std Dev. = 0.99044) and decrease in demand (mean = 3.8804, Std Dev.= 0.97857).

Table 8: Impact of the subsidy schemes

Items	SA	A	U	D	SD	Mean	Std. Dev.
The Central Bank has alleviated lending and monetary conditions to enable commercial banks to provide more loans to MSMEs.	72	131	123	41	26	3.4643	1.10599
The Federal Government have introduced measures to defer tax, social security payments, debt payments and rent and utility payments for MSMEs.	49	121	138	58	27	3.2723	1.07602
The government have introduced, extended or simplified the provision of loan guarantees, to enable commercial banks to expand lending to MSMEs.	54	134	128	59	9	3.4427	.98063
Nigerian government have stepped up direct lending to MSMEs through public institutions.	72	133	133	43	12	3.5344	1.00988
Measures are deployed in the country to sustain short term liquidity of MSMEs.	69	144	116	53	11	3.5267	1.02017
Grants and subsidies are provided to MSMEs and other enterprises to bridge the drop-in revenues.	78	149	118	35	13	3.6209	1.00573

Source: field survey, 2020

Table 8 presents the respondents opinion on impact of the subsidy schemes on MSMEs survival. The respondents were undecided on whether the Central Bank has alleviated lending and monetary conditions to enable commercial banks to provide more loans to MSMEs (mean = 3.4643, Std Dev. = 1.10599); Federal Government have introduced

measures to defer tax, social security payments, debt payments and rent and utility payments for MSMEs (mean = 3.2723, Std Dev.= 1.07602) and whether government have introduced, extended or simplified the provision of loan guarantees, to enable commercial banks to expand lending to MSMEs (mean = 3.4427, Std Dev. = 0.98063). However, they agreed that Nigerian government have stepped up direct lending to MSMEs through public institutions (mean = 3.5344, Std Dev. = 1.00988); measures are deployed in the country to sustain short term liquidity of MSMEs (mean = 3.5267, Std Dev. = 1.02017) and grants and subsidies were provided to MSMEs to bridge the drop-in revenues (mean = 3.6209, Std Dev. = 1.00573).

Table 9: MSMES Survival

Items	SA	A	U	D	SD	Mean	Std. Dev.
Compared to my major competitors my firm possesses a relatively higher level of Investment in society.	125	126	97	25	20	3.7913	1.11219
Compared to my major competitors my firm possesses a relatively higher level of Balance between financial, social, and environmental aspects.	114	150	104	10	15	3.8601	.99142
Compared to my major competitors my firm possesses a relatively higher level of Retention of employees.	87	146	111	22	27	3.6209	1.09790
Compared to my major competitors my firm possesses a relatively higher level of Environmental performance.	91	170	92	16	24	3.7328	1.05336
Compared to my major competitors my firm possesses a relatively higher level of financial performance.	101	176	86	14	16	3.8448	.98137

Source: Field survey, 2020

Table 9 presents the respondents' opinion on MSMEs survival. The respondents agreed that their firm possesses a relatively higher level of Investment in society compared to their major competitors (mean = 3.7913, Std Dev. = 1.11219). The respondents also agreed that their firm possesses a relatively higher level of Balance between financial, social, and environmental aspects compared to their major competitors (mean = 3.8601, Std Dev. = 0.99142). Furthermore, the respondents agreed that their firm possesses a relatively higher level of retention of employees compared to their competitors (mean = 3.6209, St Dev. = 1.09790). The respondents agreed that their firm possesses a relatively higher level of environmental performance (mean = 3.7328, Std Dev. = 1.05336) and that their firm possesses a relatively higher level of financial performance compared to their major competitors (mean = 3.8448, Std Dev.= 0.98137).

Table 10: Medium-run Economic Impacts of Successfully Controlling COVID-19 Infection

Items	SA	A	U	D	SD	Mean	Std. Dev.
MSMEs are supported with the skills and capabilities they need to rebuild and grow after the crisis.	8	23	81	155	126	2.0636	.97076
Research and development are highly encouraged in the country as requisites for innovation and growth in MSME sector.	5	21	75	173	119	2.0331	.90713
There are plans to promote national entrepreneurial culture programs that prioritize MSMEs as preferred suppliers.	7	15	64	167	140	1.9364	.91111
The government provided targeted and sector-specific support for MSMEs during the covid-19 crisis.	13	22	77	161	120	2.1018	1.00753
There are targeted and sector-specific support programs for MSMEs even after the COVID-19 crisis.	10	34	87	155	107	2.2006	1.01837

Source: field Survey, 2020

Table 10 presents the result of data analysis of respondents' opinion on the medium-run economic impacts of successfully controlling COVID-19 infection. From the result of the analysis as presented in Table 10, the respondents disagreed on the following items: MSMEs are supported with the skills and capabilities they need to rebuild and grow after the crisis (mean = 2.0636, Std Dev. = 0.97076); research and development is highly encouraged in the country as requisites for innovation and growth in MSME sector (mean = 2.0331, Std Dev.= 0.90713); the government provided targeted and sector-specific support for MSMEs during the covid-19 crisis (mean = 2.10118, Std Dev.= 1.00753) and that there are targeted and sector-specific support programs for MSMEs even after the COVID-19 crisis (mean = 2.2006, Std Dev.= 1.01837). Furthermore, the respondents strongly disagreed that there are plans to promote national entrepreneurial culture programs that prioritize MSMEs as preferred suppliers (mean = 1.9364, Std Dev. = 0.911111).

Table 11: Business Performance

Items	VH	H	M	L	VL	Mean	Std. Dev.
Sales Volume	10	14	91	147	131	2.0458	.96782
Profits	11	15	84	149	134	2.0356	.98389
Return on investment	12	18	84	144	135	2.0534	1.00747
Market share	9	12	72	157	143	1.9491	.93539
Customer retention	7	14	63	159	50	1.9033	.91519

Source: field Survey, 2020

The data presented in Table 11 are the result from the analysis of respondents' opinion on business performance. The respondents were of the opinion that their firms have experience low sale sales volumes (mean = 2.0458, Std Dev. = 0.96782); low profit (mean

= 2.0356, Sd Dev. = 0.98389); low return on investment (mean = 2.0534, Std Dev. = 1.00747); low market share (mean = 1.9491, Std Dev. = 0.93539) and low customer retention (mean = 1.9033, Std Dev. = 0.91519). this suggest that there was low business performance.

4.5.2 Hypotheses Testing

Multiple regression analysis was used in testing hypotheses One and three while hypothesis two was tested using simple regression. The analysis was done using SPSS statistical package. Before testing hypotheses one and three, the underlying assumptions of multiple regression analysis – linearity, multicollinearity homoscedasticity, normality and independence of errors – were tested to ensure that there were no serious violations. Standardised residuals were plotted against the regression standardised predicted values to check for linearity and equality of variances. The results showed no signals of violation (see Figure 4.2). In addition, the histograms and normal probability plots of the residuals showed the data were normally distributed (Figure 4.1 and Figure 4.3).

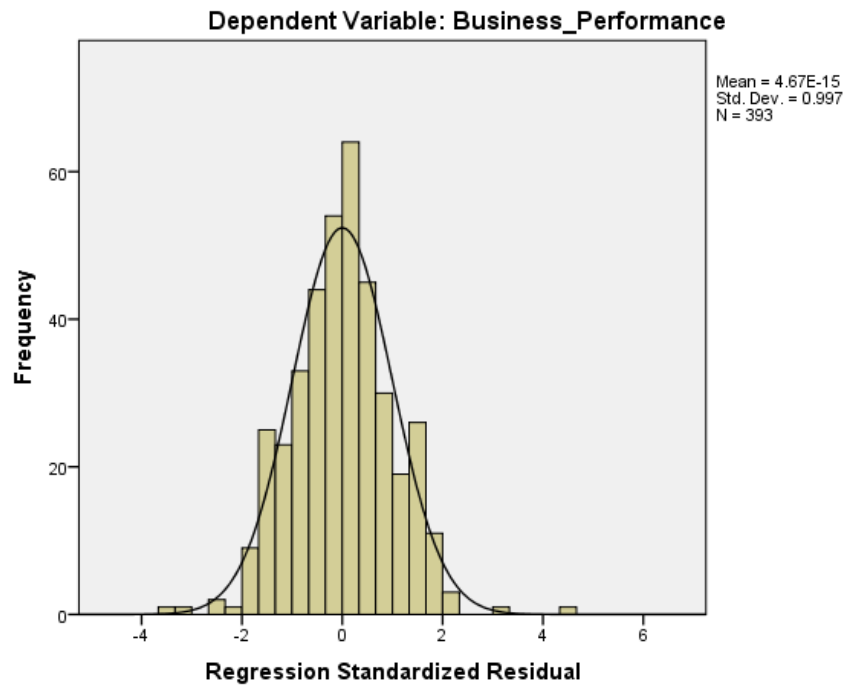


Figure 1: Histogram

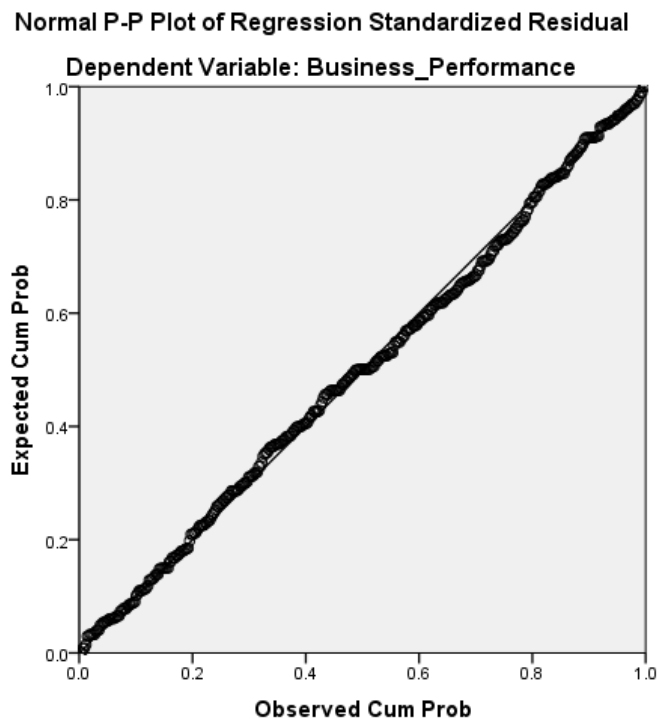


Figure 2: Normal P-P Plot

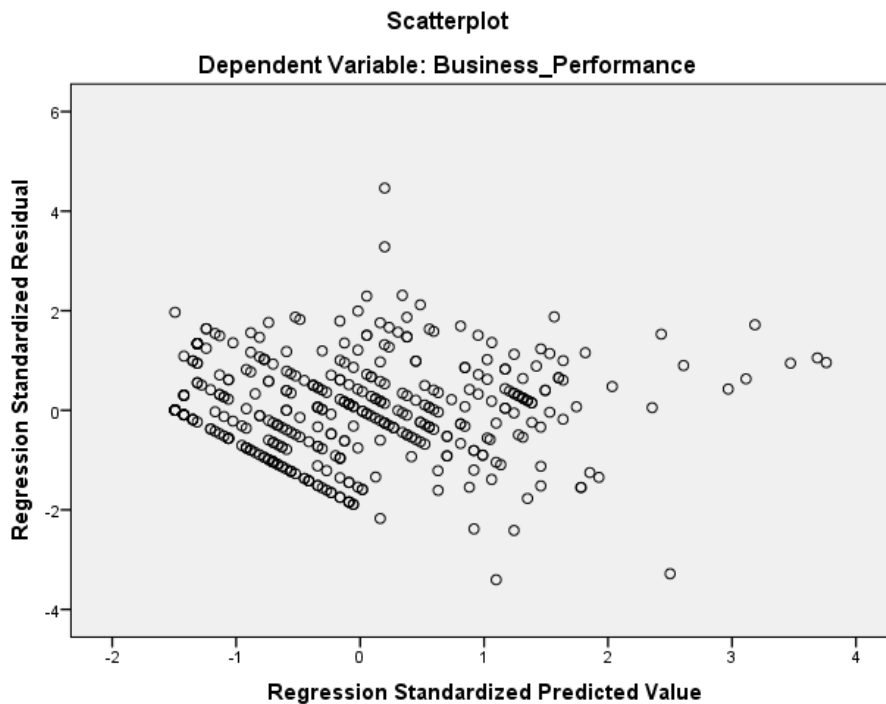


Figure 3: Scatter Plot

The study also went further to assess the assumption of multicollinearity by assessing the Valence Inflation Factor (VIF)/tolerance values of the constructs. Accordingly, the predictor constructs were used to run ordinary least squares (OLS) regression which provides a collinearity statistic such as variance inflation factor (VIF) and tolerance values. The VIF above 5.00 for any of the predictor constructs indicates that there is a problem of multicollinearity in the model (Hair, Sarstedt, Hopkins, & Kuppelwieser, 2014). In this study, the VIF for the two predictor constructs 1.911 which are well below the threshold of 5.00 thus, suggesting that multicollinearity was not an issue.

The study further diagnosed the presence of autocorrelation in latent variable scores using Durbin-Watson test available in SPSS by performing OLS regression. This test resulted with the Durbin-Watson statistic of 1.951 and given that the value for Durbin-

Watson closer to 2 is considered acceptable (Gujarati, 2009), it was concluded that there was lack of autocorrelation problem.

From table 12, it can also be seen that 63.5% of the variation in the dependent variable (business performance) is been explained by the independent variables (declaration of state of emergency and business suspension as well as successful control of Covid-19 infection). This implies that the independent variables are predictors that explained 63.5% of the variance in business performance. Table 12 also shows an F-value of 338.848 which is significant at .000. This is an indication that the regression model of the study is relatively significant in explaining the variance in business performance.

Table 12: Multiple Regression Analysis Result

Constructs	Unstd. Est.	Std. Est.	t-value	p-value	VIF
Emergency state and the business suspension request	-.288	-.273	-6.453	.000	1.911
Successful Control of Covid-19 Infection	.602	.583	13.790	.000	1.911
F-Statistics	338.848				
F-Sig.	.000				
R	.797				
R-Squared	.635				
Adjusted R-Squared	.633				
Durbin-Watson	1.951				

Dependent Variable = Business Performance

The study also conducted a simple regression analysis to determine the impact of the subsidy schemes MSMEs survival and change in their decisions. The output is presented in table 13.

Table 13: Simple Regression Analysis Result

Constructs	Unstd. Est.	Std. Est.	t-value	p-value
Subsidy Scheme	.535	.509	11.701	.000
F-Statistics	136.924			
F-Sig.	.000			
R	.509			
R-Squared	.259			
Adjusted R-Squared	.257			

Dependent Variable = Business Survival

Hypothesis One

H₀: There is no significant effect of the declaration of the emergency state and the business suspension request on the performance of the MSMEs sector, while evaluating the policy's effects on the growth rate of infections.

Table 12 shows a negative beta coefficient between the declaration of state of emergency and business suspension request and performance of MSMEs ($B = -.288$; $\beta = -.273$; $p = .000$). Since the p-value is less than the alpha value (i.e., $.000 < .05$), the null hypothesis which postulates that there is no significant effect of the declaration of the emergency state and the business suspension request on the performance of the MSMEs sector, while evaluating the policy's effects on the growth rate of infections is rejected and the alternative hypothesis is supported. Thus, it can be concluded that the declaration of emergency state and business suspension request hurts the performance of the MSMEs sector such that when declaration of emergency state business suspension goes up by 1 standard deviation, business performance will decrease by .273 standard deviation and vice versa.

Hypothesis Two

H₀: Subsidy schemes does not help MSMEs to survive and changed their decisions, such as those on investment and employment.

The output presented in table 13 indicates a correlation co-efficient of .509 between subsidy scheme and MSMEs survival and change in their decision. This implies that there is a semi-strong relationship between Subsidy scheme and MSMEs survival. Similarly, the R-Square value of .259 implies that subsidy scheme accounted for 25.9% of the variations in MSMEs survival and change in decision. The output also shows the unstandardized B of .535; standardized β of .509 and a p-value = .000. Therefore, by having p-value <0.05, the result is statistically significant. Therefore, based on the outputs ($R^2 = .259$, $p = .000$ & $\beta = .509$), the null hypothesis which postulates that Subsidy schemes does not helped MSMEs to survive and changed their decisions, such as those on investment and employment is rejected in favour of the alternative hypothesis. Thus, it can be concluded that subsidy schemes helped MSMEs to survive and changed their decisions, such as those on investment and employment.

Hypothesis three

H₀: Business performance would not improve even if the number of new infections were kept at zero level

Table 12 shows a positive beta coefficient between successful control of covid-19 infection and business performance ($B = .602$; $\beta = .583$; $p = .000$). Since the p-value is less than the alpha value (i.e., $.000 < .05$), the null hypothesis which postulates that business performance would not improve even if the number of new infections were kept

at zero level is rejected and the alternative hypothesis is supported. Thus, it can be concluded that business performance would improve if the number of new infections were kept at zero level such that when successful control of covid-19 infection increases by 1 standard deviation, business performance will also increase by .583 standard deviation and vice versa.

4.6 Summary of Findings

The following are the major findings of the study:

1. The declaration of emergency state and business suspension request negatively hurts the performance of the MSMEs sector.
2. Subsidy schemes helped MSMEs to survive and changed their decisions, such as those on investment and employment.
3. Business performance would improve if the number of new infections were kept at zero level.

Appendix I: Exploratory Factor Analysis Output

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.937
Bartlett's Test of Sphericity	Approx. Chi-Square	7990.67
		2
	Df	351
	Sig.	.000

Communalities

	Initial	Extraction
B1	1.000	.703
B2	1.000	.555
B3	1.000	.629
B4	1.000	.747
B5	1.000	.741
B6	1.000	.547
C1	1.000	.611
C2	1.000	.730
C3	1.000	.671
C4	1.000	.680
C5	1.000	.739
C6	1.000	.669
D1	1.000	.801
D2	1.000	.764
D3	1.000	.751
D4	1.000	.691
D5	1.000	.633
E1	1.000	.761
E2	1.000	.780
E3	1.000	.728
E4	1.000	.720
E5	1.000	.608
F1	1.000	.745
F2	1.000	.809
F3	1.000	.701

F4	1.000	.793
F5	1.000	.686

Extraction Method:
Principal Component
Analysis.

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	12.621	46.745	46.745	12.621	46.745	46.745	4.582	16.970	16.970
2	2.279	8.442	55.187	2.279	8.442	55.187	4.210	15.591	32.561
3	1.794	6.646	61.833	1.794	6.646	61.833	3.807	14.101	46.662
4	1.241	4.596	66.429	1.241	4.596	66.429	3.333	12.344	59.006
5	1.056	3.911	70.340	1.056	3.911	70.340	3.060	11.334	70.340
6	.828	3.068	73.409						
7	.731	2.709	76.117						
8	.642	2.379	78.497						
9	.543	2.011	80.508						
10	.498	1.846	82.354						
11	.492	1.824	84.178						
12	.461	1.707	85.885						
13	.425	1.572	87.457						
14	.365	1.351	88.808						
15	.339	1.255	90.063						
16	.324	1.199	91.262						
17	.310	1.148	92.410						
18	.281	1.040	93.450						
19	.272	1.009	94.459						
20	.244	.904	95.363						
21	.227	.841	96.205						
22	.209	.774	96.979						
23	.194	.719	97.698						

24	.182	.673	98.371					
25	.162	.601	98.972					
26	.146	.540	99.512					
27	.132	.488	100.000					

Extraction Method: Principal Component Analysis.

Component Matrix

	Component				
	1	2	3	4	5
F1	-.772				
F2	-.765				
E3	-.754				
E2	-.754				
B1	.750				
F4	-.750				
E1	-.748				
F5	-.739				
E5	-.726				
F3	-.722				
B3	.722				
B4	.705			.494	
D2	.690		.466		
D5	.676				
E4	-.672				
D4	.661		.450		
B2	.659				
D3	.656		.523		
D1	.643		.536		
B5	.625			.505	
C3	.618	.486			
C6	.613	.428			
B6	.612				
C4	.605	.525			
C2	.603	.563			
C1	.577	.464			
C5	.567	.586			

Extraction Method: Principal Component Analysis.

a. 5 components extracted.

Rotated Component Matrix^a

	Component				
	1	2	3	4	5
F4	.799				
F2	.794				
F1	.730				
F5	.704				
F3	.702				
E5	.586				
C5		.809			
C2		.797			
C4		.767			
C3		.730			
C6		.699			
C1		.685			
D1			.836		
D3			.777		
D2			.773		
D4			.741		
D5			.565	.419	
B5				.791	
B4				.727	
B6				.613	
B3				.586	
B1			.486	.570	
B2				.455	-.421
E4					.714
E2					.707
E1					.704
E3	.439				.637

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 6 iterations.

Component Transformation Matrix

Component	1	2	3	4	5
1	-.523	.438	.439	.426	-.401
2	.437	.837	.083	-.137	.288
3	.369	-.328	.814	.183	.245
4	.382	-.018	-.366	.848	-.019
5	-.503	.018	-.065	.217	.834

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

Appendix II: Output of Regression Analysis

Multiple Regression Output

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.797 ^a	.635	.633	.50861	1.951

a. Predictors: (Constant), Controlling_of_Covid19, State_of_Emergency

b. Dependent Variable: Business Performance

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	175.310	2	87.655	338.848	.000 ^b
	Residual	100.887	390	.259		
	Total	276.197	392			

a. Dependent Variable: Business Performance

b. Predictors: (Constant), Controlling_of_Covid19, State_of_Emergency

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error				Beta	Tolerance
(Constant)	1.837	.241		7.628	.000		
1 State_of_Emergency Controlling_of_Covid 19	-.288	.045	-.273	6.453	.000	.523	1.911
	.602	.044	.583	13.790	.000	.523	1.911

a. Dependent Variable: Business_Performance

Simple Regression**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.509 ^a	.259	.257	.75494

a. Predictors: (Constant), Subsidy_Schemes

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	78.039	1	78.039	136.924	.000 ^b
	Residual	222.847	391	.570		
	Total	300.886	392			

a. Dependent Variable: MSMEs_Survival

b. Predictors: (Constant), Subsidy_Schemes

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.910	.163		11.683	.000
	Subsidy_Schemes	.535	.046	.509	11.701	.000

a. Dependent Variable: MSMEs_Survival

CHAPTER FIVE

CONCLUSION AND RECOMMENDATIONS

5.1 Discussion of Findings

This study has shown that Covi-19 has had a negative effect on the economy as well as on government policy formulation. The study revealed that the declaration of emergency state and business suspension request negatively hurts the performance of the MSMEs sector. This was reflected in revenue losses, unemployment, and supply chain disruption among others. The finding is consistent with the result obtained by many other scholars such as Imanche, Tian, Tasinda and Salisu (2020) who had reported that movement restriction, declined in consumer spending, and decrease in imports due to the Covid-19 pandemic affected Nigerian MSMEs negatively. Similarly, GAIN (2020) found that 82% of small and medium enterprises experienced a decrease in sales volume, 49% had difficulty in accessing inputs and 44% had difficulty in paying staff salaries. The implication is that most MSMEs were not able to cover their cost of operations while overhead cost continued to pile up. Diana, Evelyne Olivia and Anup (2020) studied the impact of the COVID-19 pandemic on micro, small, and medium enterprises in Kenya and found out that the outbreak of COVID-19 has leads to unprecedented income losses among MSMEs. While Olufemi (2020) found that COVID-19 Pandemic's impact on SMEs in so many ways such as a reduction in revenue, reduced staff salaries, and government not doing enough to curtail the spread of the Pandemic. The SMEs were not inability to repay loans, rent, and salaries are some of the significant problems faced by SMEs.

This also revealed that subsidy schemes helped MSMEs to survive and changed their decisions, such as those on investment and employment. The finding is in agreement with the result obtained by Ozili and Arun (2020) who had found that measures put in place to curtail the spread of the virus such as the increasing number of lockdown days, monetary policy decisions and restriction or banning of international travel has severe effect on global economic activities. Imanche, Tian, Tasinda and Salisu (2020) noted that the economic effect of COVID-19 pandemic will be detrimental to the survival of MSMEs in Nigeria hence, the need for a subsidy scheme to cushion the negative effect. Mohsin, Junrong and Wenju (2020) found that more than two-thirds of participating enterprises reported that they might not survive Covid-19 lockdowns if it exceeds two months as most of such MSMEs does not have plans for unforeseen circumstances such as COVID-19. Thus, subsidy schemes and other stimulus packages will be needed to support most of the MSMEs if they are to survive the pandemic. The study of Olufemi (2020) has shown that MSMEs survival strategies will be hinged on subsidy and other stimulus packages as the pandemic has led to a reduction in revenue, reduced staff salaries, inability to repay loans, rent, and salaries. As such, they suggested that the government should lower interest rates, relax loan, and tax repayments.

Finally, the study revealed that business performance would improve if the number of new infections were kept at zero level. This is not in line with the result reported by Imanche, Tian, Tasinda and Salisu (2020) who had revealed that movement restriction, declined in consumer spending, and decrease in imports affects Nigerian MSMEs negatively. This means that the lockdown measures aimed at keeping the infection at zero level may hurt the MSMEs in the short-run but controlling the spread of the virus will in the medium and long-run lead to the opening of the economy thereby

improving business performance. Mohsin, Junrong and Wenju (2020) also revealed that many MSMEs were confronted with numerous issues such as financial, irregular supply chain, drastic decrease in demand, reduction in sales and profit, among others as a result of the increase in the number of infected persons. Haleem et al. (2020) show that COVID-19 has slowed down the manufacturing of goods, declined national and international business, thereby leading to inadequate cash flow and very slow revenue generation. Thus, there is the need to keep the level of infection at zero or minimal level so that business activities will pick up and bring about improved performance.

5.2 Conclusion

The global pandemic of coronavirus disease has been a topic of discussion across many fields of study and MSMEs in particular because it adversely affected their operations. This effect can be seen in the areas of decline in demand and supply of products and services provided by these MSMEs, unemployment, and loss of revenue. The pandemic also affected the way and manner in which MSMEs are being managed as well as to employees. Thus, this study was aimed at investigating the impact of COVID-19 pandemic on MSMEs in Nigeria. Arising from the findings of the study that the declaration of the emergency state and the business suspension request negatively impacted the performance of the MSMEs sector; subsidy schemes have positive impact on MSMEs survival and there is medium-run economic impacts of successfully controlling COVID-19 infection on MSMEs performance. This study concludes that COVID-19 pandemic has negative impact on MSMEs performance in Nigeria and that the negative effect can be reduced when subsidy schemes are implemented, and COVID-19 prevention guidelines are adhered to strictly by the

MSMES. This will help reduce the growing rate of the infection and mitigate the negative effect of the infection on businesses.

It is worthy to note that though government may come in diverse ways to reduce the negative consequences of the pandemic, MSMEs does not need to sit and fold their arms. The study concludes that MSMEs will on their own part adjust their businesses models in line with the challenges presented by the pandemic. This entails that, MSMEs will not have to be stuck in the pandemic but also examine opportunities presented by the pandemic so they can utilize it to their advantage. The ability of the MSMEs to adopt a recovery strategy will also be reflected in the general economic recovery of that country because MSMEs constitute a larger portion of the economy. Finally, the pandemic of Covid-19 will lead to the emergence of new set of entrepreneurs who will pioneer the next industrial revolution and it is left for most of this MSMEs to adjust and adopt the new normal.

The study has another of implications. First, the findings of the study will help MSMEs owners and managers to be guided in the right direction to manage their businesses in hard times. Secondly, policy makers will be guided in formulating policies that will help stimulate speedy economic recovery. This will entail the judicious use of subsidy schemes and other stimulus packages, to enable all the sectors of the economy recover from the pandemic. The findings also imply that the government has to act as a matter of urgency by prioritizing and investing into the healthcare so as to withstand any health challenges such as the challenges brought by the pandemic.

5.3 Recommendations

Based on the findings of this study, the following recommendations were made:

- i. The findings of the study revealed that the declaration of the emergency state and the business suspension request hurt the performance of the MSMEs sector hence, this study recommends that MSMEs should improve on their production and also improvise others means of supply as this will go a long way in increasing their sales thereby increasing business performance.
- ii. The study also finds out that subsidy schemes helped MSMEs to survive, hence, this study recommends that federal government should improve on their subsidy schemes such as CBN alleviating lending and monetary conditions to enable commercial banks to provide more loans to MSMEs, measures to defer tax, social security payments, debt payments and rent and utility payments for MSMEs and so on as this will go a long way in ensuring MSMEs survival.
- iii. Also, MSMEs should adhere strictly to the COVID-19 guideline as this will assist in controlling the COVID-19 infection there improving business performance.

5.4 Limitations and Suggestion for Further Studies

This study like most studies has a number of limitations from which future research may explore. First, the sample of the study was small because the study covered one state only. As such the findings cannot be generalized to other states of the federation. Therefore, the study suggested that future research should increase the number of states to be covered. In addition, similar studies should be conducted in other Countries as this will help in increasing the generalizability and give a global feature of the pandemic. The study also adopted a cross-sectional survey, and it will not be possible to gain a deeper understanding of the impact of Covid-19 based on this

approach. The study recommends a longitudinal approach to be adopted in the future to overcome this weakness. Future studies can also examine the impact of various government intervention packages on the performance of MSMEs.

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