

EFFECT OF COVID-19 PANDEMIC ON THE PERFORMANCE OF SMALL AND MEDIUM SCALE ENTERPRISES IN NIGERIA

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ABSTRACT

This study examined the effect of Covid-19 pandemic on small and medium scale enterprises in Nigeria. The specific objectives were to determine the effect of Covid-19 pandemic on small and medium scale enterprises performance in Nigeria; examine the effect of lockdown, movement restriction, market closure, and social distancing due to Covid-19 pandemic on small and medium scale enterprises in Nigeria and evaluate the possible strategies for effective small and medium scale enterprises management amidst Covid-19 in Nigeria. Data collected were analysed using descriptive statistics and inferential statistics. The descriptive statistics include logistics (Logit) regression, frequencies, tables, mean and percentages while inferential statistics include regression, Pearson product moment correlation analysis and variance analysis. The results revealed that Covid-19 pandemic has significantly and indirectly influence the performance of the SMEs in Nigeria. Therefore as long as the Covid-19 pandemic exists, the lesser the ability of SMEs to maximise profit in Ado-Ekiti. The study concluded that SMEs are indispensable to the attainment of sustainable development of any country and as such their survival is of paramount importance to government. More so, as they generate employment and income, thereby improving the standard of living of the people. It was therefore recommended that government should ensure the prompt and effective disbursement of the Covid-19 relief funds to the SMEs in order for them to be able to cushion the effect of the pandemic on their sales and performance.

KEYWORDS: COVID-19, Pandemic, Lockdown, Business Performance, SMEs, Ado-Ekiti-Nigeria

1. INTRODUCTION

The spread of the coronavirus (Covid-19) is increasing rapidly, leaving many small and medium business enterprises owners uncertain about their future. It has become even more worrisome as the evolution of the disease and its economic impact is highly uncertain, which makes it difficult for policy makers to formulate an appropriate macroeconomic policy response (McKibbin & Fernando, 2020) Unfortunately, it seems that inability of the government to assist small and medium scale enterprises to survive are justified, where as there are measures that can be taken to protect small and medium businesses while combating the pandemic. The Nigeria centre for disease control and prevention (NCDC) noted that covid-19 is a disease caused by (SARS-CoV-2) and labeled “coronavirus” or “novel corona virus. “On March 11, 2020 the World Health Organization (WHO) described global spread of covid-19 as a pandemic. This is as a result of its

infectious effect on large proportion of people over a wide geographical area. Covid-19 was first reported to WHO on the 31st of December, 2019 in Wuhan, China (NCDC, 2020).

Nigeria recorded its first case on Friday, February 27, 2020 in Lagos (NCDC, 2020). In Rivers State the first case was recorded on the 25th march 2020 (www.premiumtimes.com.ng). Covid-19 virus as opined by Surico and Galeotti (2020) is not 'just' a big shock on real economic fundamentals but also on the frictionless of the market. Bachman (2020) opined that covid-19 could affect the global economy in three main ways: by direct effect on production, by creation of supply chain and market disruption, and by its financial effect on firms and financial markets. It was further stated that a great deal will depend on the public's reaction to the disease. This could mean that businesses despite the pandemic can flourish depending on the nature of business.

Small and medium scale enterprises encompass a vast scope covering activities like manufacturing, servicing, financing, construction and infrastructure. In both the developed and developing countries, the government is turning to small and medium scale industries, as a means of economic development and a veritable means of solving problems. It is also a seedbed of innovations, inventions and employment. (Ogechukwu, Oboreh & Umukoro, 2013). Small and medium scale enterprises are the back bone of the economy in developed and underdeveloped countries. Awe (as cited in Izediuno, Alice & Daniel, 2018) opined that up to about 90% of the business ventures operating in Nigeria as a country can be referred to as small and medium scale enterprises (SMEs). The economic contribution of SME's to GDP and employment of the countries is more than 50%. Thus all countries are keen on developing SME's sector as a major part of their economy (Divakara & Surang, 2018). Small and medium scale enterprises (SMEs) occupy a significant position in the economic development of every nation, especially in developing countries like Nigeria.

The global pandemic has caused serious socioeconomic damages, the ban on sporting, religious, political, and cultural events, brought about widespread shortages of supplies (Turner & Akinremi, 2020). In China, the decrease in consumption coupled with an interruption in production distorted the global supply chains which affected many firms in many countries of the world (Fernandes, 2020), particularly, Nigeria. Environmental shock exposes a small and medium scale enterprises to a greater extent of strategic uncertainty, which has effects on the routine activities of small and medium scale enterprises in some cases threaten its survival (Sullivan-Taylor & Branicki, 2011). Many countries around the world are facing unprecedented challenges due to covid-19 Pandemic (UNDP, 2020). Nigeria is not an exception. There is still a paucity of research on the effect of the Covid-19 pandemic on small and medium scale enterprises performance in developing countries, especially concerning business continuity (Fabeil, Pazim & Langgat, 2020). Since the small and medium scale enterprises contribute to the job creation and economic growth of the country and the unavoidable threats and tremors of covid-19 to all the segments of the economy, particularly SME's. Hence, this study seeks to fill the gap in the literature. It is against this background that this study seeks to investigate the effect of Covid-19 pandemic on the performance of small and medium scale enterprises in Nigeria. The study will be of great significance to both policy makers and small and medium scale enterprises in general and it will provide an opportunity for diversification, business opportunities and coping strategies now and in the near future, the study will contribute to existing literature on the subject matter by investigating empirically on effect of

Covid-19 pandemic on Small and Medium Scale Enterprises in Nigeria. The study will also be beneficial to the government. This research will also be beneficial to scholars and students because it will enable them to understand the effect of Covid 19-pandemic on small and medium scale enterprises in Nigeria and for further research.

2. Review of Related Literature

An Overview of Coronavirus (Covid-19)

Covid-19, which began in late 2019 in Wuhan, China. In recent years, the Covid-19 epidemic has impacted many aspects of human endeavor. Because the coronavirus has an impact on worldwide public health services, it also has an impact on global economics. The Covid-19 pandemic is concerning because it will almost certainly result in a global economic downturn. According to the World Health Organization (2020), Covid-19 victims will almost certainly develop respiratory disease, with the elderly being particularly vulnerable. Covid-19 is more likely to attack those who have medical or health issues, such as diabetes, cancer, or respiratory illness.

Covid-19 can easily spread through the nose, mucus discharge, and saliva droplets, especially through sneezes and coughs, according to the Centers for Disease Control and Prevention (World Health Organization, 2020). Fever, dry cough, and exhaustion are the most frequent symptoms of the illness. Chest discomfort, a loss of speech, and difficulty breathing are the most serious symptoms. The presence of coronavirus has claimed numerous lives throughout the world. As a result, it is critical to follow the health experts' instructions about preventative measures, such as hand washing and the use of sanitizers (World Health Organization, 2020). There is currently no therapy or vaccination available for people who have been infected with the virus. Nonetheless, there are many worldwide initiatives underway, including those in China, the United States, the United Kingdom, Japan, Canada, Germany, and France, to develop trial vaccines for the treatment of Covid-19. Nonetheless, the preceding discussion demonstrates Covid-19 patterns and their economic repercussions in many nations. According to UN experts, the world's \$80 trillion economy will plummet by one trillion dollars to \$2 trillion dollars. Covid-19 pandemic has caused a lot of disruptions to social and economic activities of citizens. For instance, the United States of America has initially budgeted \$350 billion as relief fund for sustaining small businesses in the country.

Pandemic

The word "Pandemic" originates from a Greek word "pan" meaning "all" and demos "the people" the word is commonly taken to refer to a widespread epidemic of contagious disease throughout the whole of a country or one or more continents at the same time (Honigsbaum, 2009). Pandemics are for the most part disease outbreaks that become widespread as a result of the spread of human-to-human infection. There have been many significant disease outbreaks and pandemics recorded in history, including Spanish Flu, Hong Kong Flu, SARS, H7N9, Ebola, Zika (WHO, 2011b) (Rewar, Mirdha & Rewar, 2015, Maurice, 2016). The key features of a pandemic, includes wide geographic extension, disease movement, novelty, severity, high attack rates and explosiveness, minimal population immunity, infectiousness and contagiousness. The Pandemic related crises have been associated with enormous negative impacts on health, economy, society and security of

national and global communities. As well, they have caused significant political and social disruption. Concept of Covid-19 lockdown lockdown in the context of Covid-19 was first implemented in Wuhan on January 23rd, 2020, and then extended to the whole of Hubei province, helping to bring the epidemic in China under control quite rapidly (WHO, 2020b). Since then, a lockdown has been deemed necessary to prevent the spread of the pandemic. Where this lockdown was early in the importation cycle through the closure of air travels, the disease was also quickly brought under control, with very few death recorded, an example being New Zealand. In other to curb the spread of the pandemic, government have quickly responded and adopted measure to close all schools, ban all form of public gathering, invest in healthcare facilities, trace contacts, provide new forms of social welfare and the intervention to contain the spread of the virus by augmenting health system and managing the economic consequences of these actions, Hale, (2020).

China was the first country to enforce lockdown, in the Hubei region where Covid-19 was discovered. According to WHO (2020) the first lockdown implemented during Covid-19 as a preventive measure was in Wuhan in January 2020.

Small and Medium Scale Enterprises (SMEs) in Nigeria

In fact, there is no universally accepted definition of SMEs, and the description or explanation offered varies on the situation. As a result, despite the fact that SME's play a critical role in the broader economy, there is no suitable wall for identifying them in emerging nations (Gibson & Van derVaart, 2008). Small and medium scale enterprises (SMEs) are firms that provide goods and services in the manufacturing, agricultural, shoemaking, computer skills, tailoring, and other service sectors, to name a few (Fatai, 2011; Chile, 2016). As research suggests, the goal of SMEs may be enshrined with a focus on investment and employment in order to minimize unemployment and poverty rates (Kozetinac, 2010). Business connection, knowledge effectiveness, social environment, and innovation are other significant variables for successful SMEs, according to the literature (Bryson, 1997; Carrillo, 2007).

As a result, according to Hayton (2013), human capital management is critical for the success of SMEs, particularly in terms of enhancing the country's entrepreneurial performance. As research suggests, the goal of SME's may be enshrined with a focus on investment and employment in order to minimize unemployment and poverty rates (Kozetinac, 2010). Business connection, knowledge effectiveness, social environment, and innovation are other significant variables for successful SMEs, according to the literature (Bryson, 1997; Carrillo, 2007). As a result, according to Hayton (2013), human capital management is critical for the success of SMEs, particularly in terms of enhancing the country's entrepreneurial performance. Small and medium enterprises development agency of Nigeria (SMEDAN) is anticipated to promote various programs and enable support services that would accelerate economic growth in the nation, with a particular focus on the activities of SMEs, according to the documents. It's worth repeating that the Federal Ministry of Industry, Trade, and Investment claims that there are more than 37.07 million SMEs in the United States that generate jobs and contribute to the economy. This argument is consistent with prior research, such as Shrivastava (2016), which claims that the government plays an important

role in the growth of small and medium scale enterprises. The government, namely the Central Bank of Nigeria (2010), injected \$200 billion to support the enhancement of the sector of the country's economy through the provision of loan schemes to citizens for the stimulation of economic growth (Oni, 2012). In addition, the literature recognizes the contributions of SMEs to community development (Anigbogu, 2014). Notwithstanding the fact that the government has indeed been paying close attention to the sustainability in the context of SMEs in the country.

The sudden outbreak of the coronavirus pandemic has put a stop to the government's agenda to foster SMEs in the country, given the fact that SMEs have been creating jobs and contributing significantly to poverty reduction (Pulka, 2017). However, there is a problem with SMEs being able to get finance. Nonetheless, the government may do more in a variety of ways, including developing an effective plan for supporting diverse investments in farming, fishing, well building, masonry, productive trades, tailoring, and small enterprises. As a result, there has been a recent detrimental impact of coronavirus on SMEs in the nation, as explained in the following subheading.

3. Methodology

Study Design

The research design adopted for this study is a descriptive survey research design. This is because the data to be used for this study will be collected through a well-designed questionnaire. This design is considered appropriate for this study because it provides a contextual analysis and specifically, the effect of Covid-19 pandemic on the performance of Small and Medium Scale enterprises in Nigeria. The independent variable was effect of Covid-19 pandemic which was measured by three (Influence of Covid-19 on SME's, coping strategies and sales performance) and the dependent variable was SME performance in Ekiti state metropolis.

Population of the Study

The target population for this research is defined to cover various SMEs in Ekiti state metropolis. The population of the study is comprised of 16,068 registered SMEs in Ekiti state metropolis (Source: Ministry of Commerce, industries and Cooperatives, 2020). Moreover, this will cover the concern of influence of Covid-19 on SME's, coping strategies and sales performance in the pursuit of this study.

Table 3.1 Population of the Study

Local Government	Population Size
Ado	2321
Efon	823
Ekiti East	823
Ekiti South West	1243
Ekiti West	876
Emure	567
Gbonyin	669
Ido/osi	823
Ijero	785
Ikere	1390
Ikole	1456
Ilejemeje	501
Irepodun/Ifelodun	543
Ise/orun	567
Moba	1497
Oye	1174
Total	16,068

Source: Ministry of Commerce, industries and Cooperatives, 2020

Sample Size and Sampling Technique

Sample Size

The sampling technique employed in this research work is the convenience sampling technique using Taro Yamane (1967). This is a result of nearness, cost, availability, time, and time of completion.

$$N = \frac{N}{1 + Ne^2}$$

Where: n sample size

N= population size= 16,068

E= sampling error=0.05

$$N = \frac{16058}{1 + 16058(0.05)^2}$$

$$N = \frac{16058}{1 + 16058(0.0025)}$$

$$N = \frac{16058}{1 + 40.145}$$

$$N = \frac{16058}{41.145} = 390$$

Sampling Techniques

This study adopted a stratified sampling technique to select the sample that shares the same characteristics to make sure that every member of SMEs is well represented and used the Kumaran (1976) model to calculate sample size for each stratum (SMEs in Ekiti State). As follows.

$$n = \frac{N!n!}{N}$$

Where:

n = sample size of each local government

n! = total sample size

N! = population of each local government

N = population of the study

An interpretation of this formula is the number of SME's in each local government divided by the total population and multiplied by the total sample size. This resulted in the proportion of the total sample size that was distributed in each local government.

Table 3.2 Sample Size

S/N	Local Government	No Respondents	Expected	Sample Size
1	Ado	$\frac{2321(390)}{16058} =$		56.274
2	Efon	$\frac{823(390)}{16058} =$		40.064
3	Ekiti East	$\frac{823(390)}{16058} =$		40.064
4	Ekiti South West	$\frac{1243(390)}{16058} =$		60.277
5	Ekiti West	$\frac{876(390)}{16058} =$		42.629
6	Emure	$\frac{567(390)}{16058} =$		17.374
7	Gbonyin	$\frac{669(390)}{16058} =$		20.484
8	Ido/Osi	$\frac{823(390)}{16058} =$		40.064
9	Ijero	$\frac{785(390)}{16058} =$		38.071
10	Ikere	$\frac{1390(390)}{16058} =$		33.806
11	Ikole	$\frac{1456(390)}{16058} =$		35.437
12	Ilejemeje	$\frac{501(390)}{16058} =$		15.345
13	Irepodun/Ifelodun	$\frac{543(390)}{16058} =$		16.632
14	Ise/Orun	$\frac{567(390)}{16058} =$		17.374
15	Moba	$\frac{1497(390)}{16058} =$		45.936
16	Oye	$\frac{1174(390)}{16058} =$		17.160
	Total	$\frac{26718}{16058} =$		390

Source: Author's Computation, 2024.

Method of Data Analysis

Data collected were analysed using descriptive statistics and inferential statistics were employed. The descriptive statistics include logistics (Logit) regression, frequencies, tables, mean and percentages while inferential statistics include regression, Pearson product moment correlation analysis and variance analysis. These were used to analyze the data generated from the socio-demographic variables in order to provide answers to the research questions and test the hypotheses that have been formulated. All the hypotheses for the study will be subjected to the SPSS version 17 windows (a computer based statistical programme) analyses and the decision rule will be tested at 0.05 level of significance.

4.0 Results and Discussions

4.1 Results

Descriptive Analysis

Table 4.1: Descriptive Analysis of Respondent Demographic Variable

Questionnaire returned analysis	Frequency	Percentage (%)
Number of Administered Questionnaire	390	100.0
No. of Returned Questionnaires	309	79.2
Gender	Frequency	Percent (%)
Male	133	43.0
Female	176	57.0
Total	309	100.0
Age	Frequency	Percent (%)
20 -29 years	164	53.1
30 - 39 years	98	31.7
40 - 49 years	32	10.4
50 years and above	15	4.9
Total	309	100.0
Status	Frequency	Percent (%)
Owner	164	53.1
Production Manager	32	10.4
Operation Manager	113	36.6
Total	309	100.0
Working experience	Frequency	Percent (%)
1-10 years	161	52.1
11-20 years	54	17.5
21- 30 years	62	20.1
Over 30 years	32	10.4
Total	309	100.0
Level of Education	Frequency	Percent (%)
NCE/OND	31	10.0

B.Sc/HND	141	45.6
M.Sc/MBA	121	39.2
Others	16	5.2
Total	309	100.0
Kind of Business	Frequency	Percent (%)
Services	195	63.1
Trading	67	21.7
Financial	32	10.4
Health	15	4.9
Total	309	100.0
Number of Employees	Frequency	Percent (%)
Less than 10	145	46.9
11 – 100	102	33.0
101 – 300	31	10.0
301 and above	31	10.0
Total	309	100.0

Source: *Author's Computation*

Descriptive Statistics

In this section the descriptive statistics of the variables of interest to the study are analysed using simple percentage table. The code used is 1 for strongly disagree (SD); 2 for disagree (D); for moderately agree (MA); 4 for agree (A); 5 for strongly agree (SA)

Table 1: Influence of Covid-19 on SMEs

Influence of Covid-19	SD	D	MA	A	SA	Total
Covid-19 has adversely affected business globally, and SMEs in the developing countries like Nigeria are the most affected	51(16.5%)	32(10.4%)	31(10%)	31(10%)	164(53.1%)	309(100%)
Many have lost their jobs and sources of the ncome due to various policies put in place to contain the virus.	35(11.3%)	64(20.7%)	16(5.2%)	47(15.2%)	147(47.6%)	309(100%)
Covid-19 pandemic has worsened the already weak SME's organization poor performance in Nigeria?	50(16.2%)	32(10.4%)	16(5.2%)	82(26.5%)	129(41.7%)	309(100%)
The outbreak of covid-19 has severe impact on living standard of the people, increase number of fatality and casualties leaving the future of most SMEs firms uncertain.	34(11%)	32(10.4%)	48(15.5%)	128(41.4%)	67(21.7%)	309(100%)

Source: *Author's Computation*

Table 1 above showed that a greater percentage of the respondents (41.7%) strongly agree that Covid-19 has adversely affected businesses globally, and SMEs in the developing countries like Nigeria; Furthermore, it is also reported in table above that, most of the respondents 147(47.6%) strongly agree that many have lost their jobs and sources of the income due to various policies put in place to contain the virus.

Again, 129 (41.7%) respondents strongly agreed that Covid-19 pandemic has worsened the already weak SMEs organization poor performance in Nigeria.

Also, from table above, it is observed that 41.4% representing 128 respondents, agreed that the outbreak of covid-19 has severe impact on living standard of the people, increase number of fatality and casualties leaving not only the future of most SMEs firms uncertain but eroding the hitherto contributions of the SMEs to development.

Table 2: Analysis of the Coping Strategies of SMEs

Coping Strategies	MFU=1	FU=2	MU=3	RU=4	VRU=5	Total
Online marketing	16(5.2%)	16(5.2%)	19(6.1%)	93(30%)	165(53.4%)	309(100%)
Shutdown	14(4.5%)	27(8.7%)	6(1.9%)	93(30.1%)	169(54.7%)	309(100%)
Home delivery	8(2.6%)	24(7.8%)	17(5.5%)	109(35.3%)	151(48.9%)	309(100%)
Open for few hours daily	12(3.9%)	22(7.1%)	30(9.7%)	83(26.9%)	162(52.4%)	309(100%)
Open for few days per week	23(7.4%)	35(11.3%)	8(2.6%)	95(30.7%)	148(47.9%)	309(100%)

Source: *Author's Computation*

The code used is 1= Most frequently used (MFU); 2= frequently used (FU); 3= moderately used (MU); 4= rarely used (RU); 5= very rarely used (VRU)

The results presented in table above depicts that most of the respondents in the study specifically, 165(53%) very rarely used online marketing as their coping strategy as a result of the effect of the Covid-19 virus,

Also from the table, it can be reported that, 169(54.7%) of the respondents very rarely used shutdown as their coping strategy, 93(30.1%) rarely used shutdown as their coping strategy, while 27(8.7%) of the respondents frequently used shutdown as their coping strategy, 14(4.5%) most frequently used, while 6(1.9%) moderately used shutdown as their coping strategy. Thus, businesses rarely used shut down as their coping strategy.

Furthermore, from the table, it can be deduced that, majority of the respondents, that is 151(48.9%) of the respondents very rarely used home delivery as their coping strategy,

Again, 162(52.4%) of the respondents who are in the majority very rarely used opening for few hours daily as their coping strategy. Also, majority of the respondents as reported in the table,

which is 148(47.9%) of the respondents very rarely used opening for few days per week as their coping strategy.

The implication of this is that different SMEs have adopted different coping strategies ranging from online marketing, shutting down, home delivery, opening for few hours daily and opening for few days per week in order to survive during the Covid-19 period. This result is in support of the finding of Oriazowalam and Erah (2019) who reported that, SMEs resorted to reduced productive hours of work for fear of attack by hoodlums and criminals.

Table 3 Analysis of the Profitability Performance of SMEs

Analysis of the profitability performance of SMEs	SD	D	MA	A	SA	Total
During this period of Covid-19 many SMEs firms recorded low sales which has a severe impact on their profitability	45(14.6%)	10(3.2%)	59(19.1%)	98(31.7%)	97(31.4%)	309(100%)
Reduction in working hour and social distancing reduces the productivity and this reduces the profitability of many businesses including SMEs	16(5.2%)	31(10%)	35(11.3%)	82(26.9%)	145(46.9%)	309(100%)
The covid-19 pandemic discourages investment due to uncertainty of the nature of the virus and its mode of spread and this reduces profit margin	16(5.2%)	32(10.4%)	46(14.9%)	94(30.2%)	121(39.2%)	309(100%)
The volume of importation products has reduce significantly due to travel restriction put in place in many countries and this has serious influence on the profit margin of import dependent SMEs firms	16(5.2%)	16(5.2%)	31(10%)	125(40.5%)	121(39.2%)	309(100%)
Business profitability is one of the most important measure of business performance among other factors that enhance the survival, growth and expansion of SMEs	18(5.8%)	22(7.1%)	31(10%)	112(36.2%)	126(40.8%)	309(100%)

Source: Author's Computation

Analysis of the result presented in table above showed that 98(31.7%) of the respondents who are in the majority agree that during the period of Covid-19, many SMEs firms recorded low sales which has a severe impact on their profitability Furthermore, 145(46.9%) of the respondents representing the majority, strongly agree that reduction in working hour and social distancing reduces the productivity and this reduces the profitability of many businesses including SMEs.

Again, 121(39.2%) of the respondents representing the majority, strongly agree that the covid-19 pandemic discourages investment due to uncertainty of the nature of the virus and its mode of spread and this reduces profit margin.

Also, majority of the respondents in the study, 125 (40.5%) agree that the volume of importation products has reduced significantly due to travel restrictions put in place in many countries and this has serious influence on the profit margin of import dependent SMEs firms.

Finally, the table above reported that 126(40.8%) who are in the majority strongly agree that business profitability is one of the most important measure of business performance among other factors that enhance the survival, growth and expansion of SMEs and sustainability of the economy.

Hypotheses Testing

Regression analysis was used in testing the hypotheses

Table 4: Regression Result of the Influence of Covid-19 on the profitability performance of SMEs

VARIABLE	B	STD. ERROR	BETA	T-STAT	PROB	F-STAT.	DW	R ²	ADJ.R ²	R
(Constant)	4.705	.295		15.946	0.00	7.421 (0.007)	2.056	0.024	0.020	0.154
Profitability performance of SMEs	-0.177	.065	-0.154	-2.724	0.007					

(Dependent Variable = profitability performance of SMEs)

Source: Author's Computation

Model 1

Profitability = 4.705 - 0.177 Covid-19

H₀₁: Covid-19 do not have significant influence on the performance of SMEs in Nigeria.

Table 4, the Durbin Watson statistics with the value, 2.056 means that no autocorrelation is associated with model 1, R² = 0.024 means that approximately 2% variations in the profitability performance of the SMEs is explained by the Covid-19; F-statistic value is 7.421 and significant at 5%. Thus, Covid-19 can significantly and indirectly influence the performance of the SMEs. Therefore as long as the Covid-19 pandemic exists, the lesser the ability of SMEs to maximise profit in Ado-Ekiti. This result is in support of the finding of Lakuma and Sunday (2020), and Boissay and Rungcharoenkitkul (2020), which revealed that the negative effects of the pandemic was felt more by SMEs when compared to larger businesses with the possibility of the shutting down of SMES if Covid-related restrictions persists.

Table 5: Regression result of the impact of Covid-19 on sales performance of SMEs

Variable	B	Std. Error	Beta	T-Stat	Prob.	F-stat.	DW*	R ²	Adj.R ²	R
(Constant)	5.007	0.319		15.672	0.00	7.666 (0.006)	1.916	0.024	0.21	0.156
Sales performance of SMEs	-0.195	0.071	-0.156	-2.769	0.006					

(Dependent Variable =Sales performance of SMEs)

Source: Author’s Computation

Model 2

Productivity = **5.007 – 0.195** Sales performance of SMEs

H₀2: Covid-19 does not have significant impact on the sales performance of small and medium scale enterprises in Ado-Ekiti.

From the table, the Durbin Watson statistic of 1.916 is approximately 2, this means the absence of autocorrelation in model 2.

R² has a value of 0.024 this means that about 2.4% of variations in the sales performance of SMEs is explained by Covid-19; F-statistic value of 7.666 and significant at 5%. This signifies that Covid-19 has significant indirect influence on the sales performance of SMEs. Therefore, the more and longer the Covid-19 pandemic exist the lesser the ability of SMEs to make optimum sales in Ekiti State.

This result is in line with the study of Akinyede (2017) and Tambari, Chioma and Ononogbo (2018) finding that Covid-19 has had impact on sales performance of small and medium scale enterprises. The implication of this result to SMEs is that it affects their profitability also and might lead some shutting down in the process as supported by the findings of Lakuma and Sunday (2020).

5. Conclusion and Recommendations

SME’s are indispensable to the attainment of sustainable development of any country and as such their survival is of paramount importance to government. More so, as they generate employment and income, thereby improving the standard of living of the people. Amidst the various challenges faced by SME’s in Ado-Ekiti which includes; low access to credit facilities, low startup capital, low infrastructural development, high cost of electricity and poor managerial skills of the SMEs operators, the unexpected outbreak of Corona virus which has resulted in lock down/ restrictions placed by government for a while, less patronage by customers, reduced productivity, closing down of business and so on. Covid 19 seem to have the greatest adverse and significant effect on the sales and profitability performance of the SMEs and ultimately their survival. Thus, many SMEs, has devised different coping strategies to prevent shut down of their business. Such coping development of the country in its pursuit of inclusive growth and sustainable development. Strategies include; online marketing, home delivery, opening for few hours daily and opening for few days per week in order to survive during the Covid-19 pandemic period. Although many are still unable to devise means of staying solvent and embracing the various coping strategies available. This could be because many SME’s operate within

communities and local centers and are therefore not strongly affected by government restriction policies.

The result showed that SMEs rarely adopted information technology coping stratagems like online marketing and e-commerce in order to boost their sales and performance. As such SMEs should be encouraged and assisted towards embracing information technology and e-commerce as this is the global trend, “the new normal” and a requirement for expansion of profit and promotion of sales needed to attain sustainable development. Also, government should ensure the prompt and effective disbursement of the Covid-19 relief funds to the SMEs in order for them to be able to cushion the effect of the virus on their sales and performance.

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