

OPEN ACCESS

ISSN (O) 2693-5007

ARTICLE

Corona virus (covid-19) and performance of business enterprises in south - east, Nigeria.

DR. OBIALOR, DONATUS CHUKWUEMEKA^{1*} | PROF. AYANDELE, ISAAC AYANYINKA²

Abstract

From the onset, Corona Virus or COVID-19 has left few people, if any, unaffected. Economies, the world over have been repeatedly tested and stretched. This study was conducted to examine the impact of Corona Virus (Covid-19) on performance of business enterprises in Owerri Municipal Area Imo State, South- East, Nigeria. The study used the Taro Yemmeh formula to determine a sample size of 232 from a population of 430 employees. The mean, standard deviation, and multiple linear regression were used for the analysis and testing of the research hypotheses. Results show that the Covid-19 has a significant negative impact on performance of business enterprises in Owerri Municipal Area of Imo State of Nigeria. The study recommend that Businesses should also explore opportunities focused on becoming more flexible in responding to arising uncertainties. The study concludes that Covid-19 has a significant negative impact on performance of business enterprises in Owerri Municipal Area of Imo State of Nigeria.

Key words: Business, Entrepreneurship, Covid-19, Economy, Crises

1 | INTRODUCTION

The world has experienced the importance of entrepreneurship during an economic crisis, such as is faced during the current Covid-19 pandemic. The onset and spread of Covid-19 have left few people, and the world over have been repeatedly tested and stretched, setting new rules and

norms to try to re-establish confidence and give economies a chance of survival (Lien, Burcu, & Raphael, 2020). In Nigeria, the business sector is one of the most directly affected by the movement's control order. At the end of December 2019, the Corona Virus (Covid-19) started spreading from Wuhan, China to other countries so widely, that on 11th march 2020, World Health Organization -

¹Department of Business Management, University of Uyo, Uyo

Address correspondence to: DR. OBIALOR, DONATUS CHUKWUEMEKA, Department of Business Management, University of Uyo, Uyo ., Email: To: chukwuemekadobialor@uniuyo.edu.ng, PROF. AYANDELE, ISAAC AYANYINKA , email :- yinksure@yahoo.com

Supplementary information the online version of this article (<https://doi.org/10.52868/RR/2022-3-1-7>) contains supplementary material, which is available to authorized users. Dr. Obialor, donatus chukwuemeka and Prof. Ayandele, isaac ayanyinka, 2022; Published by MEERP, Inc. his Open Access article is distributed under the terms of the Creative Commons License (<http://creativecommons.org/licenses/by/4.0>), which permits unrestricted use, distribution, and reproduction in any medium, provided the original work is properly cited.

(WHO) declared Covid-19 a Pandemic (Dvoulety 2020).

As a response to mitigate Corona Virus spread and save lives, government in affected countries like Nigeria, imposed desperate measures of social distancing, widespread lockdown restriction on travelling, movement, and gathering of people (Dvoulety 2020). Some entrepreneurs had to close their businesses temporarily as a result of government restrictions, others had to impose precautions and to run their activities in reduced extent (Kristin & Melanie 2020). Businesses and entrepreneurs also needed to find innovative solutions in all aspects of their entrepreneurial endeavor as the consequences of the pandemic linger's on. However, it took time before the entrepreneurs got oriented in the new situation, and governments started helping with same policy-actions aiming to deliver information, advisory and financial support (Kuckertz, Brandle, Gaudig, Hinderer, Morales, Prochotta, Steinbrink & Berger, 2020; Turner & Akinremi, 2020).

Pandemic according to Wach, Stephan & Gorigievski (2016) will very likely influence traditional entrepreneurial decision-making process, communication and wellbeing. In Nigeria, like many other countries, the emergency or quarantine orders for preventing the spread of corona virus has not only led to psychological impact like depression, anxiety and stress, but also has a significant effect on economic activities such as the closure of social sectors, small and medium enterprises, and retail outfit premises and disruption of product delivery chains (Karabag, 2020). In Nigeria for example, the first 14-days movement control order (MCO) which started from the 30th march 2020 and currently in its fourth extension has disrupted the operation of several important sector, including the food and beverages, agriculture, retails, transport and construction, and tourism sectors (CNBC AFRICA, 2020).

The impacts of this pandemic crisis on business and entrepreneurship should be of great concern to entrepreneurs as it affects current and future business performance. Thus the way entrepreneurial business models and approaches are affected by the pandemic will have an impact on how entrepreneurship is perceived as a job choice

in the future (Lien et al 2020). Organizations are impelled to reassess their business strategies due to the occurrence of Covid-19 pandemic and its proliferation across the globe. The potential for survival and sustainability has become a matter of concern for many, especially business leaders and entrepreneurs in the wake of the unimaginable negative widespread impact of Covid-19 pandemic.

Consequently, in a post pandemic situation, growth avenues of businesses and entrepreneurship need to be as curtained, since it is vital for making with the appearance and growing manifestation of Covid-19 pandemic, a few trends have come into the limelight in business (Sinha 2020). Few of the new trends include; working from home or remote work, focus on changing business policies and philosophies so that workforce is encouraged to work flexibly, leveraging emerging technology, virtual business meetings, yearning for the new content for customer engagement among others are some of the trends that hallmark the newly emerged paradigm of business practice and entrepreneurship (Sinha 2020). Many businesses have become affected negatively, and as such are downsizing in an effort to cut back expenditure.

Similarly, to stay competitive and ensure continuity of business, requires embracing a more feasible marketing strategy for survival (Sinha, 2020). While many businesses will fail to survive the crisis situation, the pandemic has also given rise to more or new entrepreneurial activity. Businesses and entrepreneurs are faced with the challenge of moving forward under the present situation and the fear of whether the different players could make sure of moving in the right direction, hence the need for this study.

2. | STATEMENT OF THE PROBLEM

As the world is dealing with one of the most challenging periods in modern times, opportunity and accidental entrepreneurs have been more opportunistic during the pandemic, pivoting their businesses through some kind of “repurposing” and redirecting existing knowledge, skills, people and networks to new needs that have emerged. From start-ups and individuals producing and selling face masks and

CORONA VIRUS (COVID-19) AND PERFORMANCE OF BUSINESS ENTERPRISES IN SOUTH - EAST, NIGERIA.

shields to their local communities and municipal start-ups turning into grocery delivery companies, the same time, essential for survival and adapting to our “new normal”. The repurposing approach is not without its challenges. Many of these entrepreneurs and businesses exist in different domains and this poses a problem for those wanting to do business with them. The study is therefore faced with challenges of examining the impact of Covid-19 Pandemic on performance of business enterprises in Owerri Municipal Area of Imo State.

Objectives of the study

The objective of the study is to examine the impact of COVID-19 Pandemic on performance of business enterprises in Owerri Municipal Area of Imo State. The specific objectives are to:

1. Examine the impact of Covid-19 crisis on entrepreneurial mind-set of entrepreneurs and performance of business enterprises in Owerri Municipal.
2. Verify the influence of Covid-19 crisis on entrepreneurial resilience and innovativeness of entrepreneur and performance of business enterprises in Owerri Municipal.
3. Evaluate the effect of Covid-19 crisis on businesses ability to continue as a going concern in Owerri Municipal?

Research Questions

1. What is the impact of Covid-19 crisis on entrepreneurial mind-set of entrepreneurs and performance of business enterprises in Owerri Municipal?
2. How does Covid-19 crisis influence entrepreneurial resilience and innovativeness of entrepreneurs and performance of business enterprises in Owerri Municipal?
3. What is the effect of Covid-19 crisis on businesses ability to continue as a going concern in Owerri Municipal?

Research Hypotheses

1. Covid-19 crisis have no significant impact on

entrepreneurs and performance of business enterprises in Owerri municipal.

2. Covid-19 crisis have no significant influence on entrepreneurial resilience and innovativeness of entrepreneurs and performance of business enterprises in Owerri municipal.

3. Covid-19 crisis have no significant effect on businesses ability to continue as a going concern in Owerri Municipal.

Conceptual Review

COVID-19 Pandemic and Impacts

The impacts of the Covid-19 pandemic have caused a significant deterioration in economic conditions for some businesses and an increase in economic uncertainty for others (Dvoulety, 2020). However, business managers and entrepreneurs needs to assess whether these events or conditions, either individually or collectively has significant doubt on businesses ability to continue as a going concern or, in severe cases, whether the going concern assumption is still appropriate as a basis for stability. Every crisis is an opportunity. Don't forget that some of the most disruptive or interesting companies have been created and took off during times of crisis, for example, Google, e bay, LinkedIn.... after 2001, and Uber, Air burb, Instagram, WhatsApp after the 2008 financial crisis (Maric -france 2020). As business owners and entrepreneurs you will need very different action plans in place depending on your sector and industry.

Similarly, if you are in online shopping, food delivery, video gaming or video conferencing industries, where business is currently booming, it's a completely different picture than if you are running a business in the hotel, restaurant, retail, entertainment, sport industry, small and medium entrepreneurs in Covid impacted sectors should be ready to lose 50% or more of their market value. In the contrary, according to Maric-France (2020) some positivity too exist. Nevertheless, there are two positive thoughts to keep in mind: Entrepreneurs are fighters by nature, optimistic, and resilient. They may overcome difficult period because it is in their DNA to bounce back, also that every crisis has an end point. And this will be the cue for entrepreneurs to undertake something new.

The industries most impacted by Covid-19 particularly those in “Social Sector” like hospitality,

and SMES could take the opportunity to innovate, with more digitalization and disruption implemented in their business models in order to increase the touch points with their customers. As the world health organization declared Covid-19 a pandemic, causing huge impact on people's lives, families, communities and businesses, the international response continues to develop, and organization are facing significant challenges and need to respond rapidly (Kristin and Melanie, 2020).

Key Areas of Focus for Businesses

Kristin & Melanie (2020) maintain that the following key areas requires focus by businesses:

Crisis Management and Response: Existing business continuity plans may not be capable of handling the fast-moving and unknown variables of an outbreak like Covid-19. What businesses and entrepreneurs can do now would be to develop incident management and scenario plans that are specific to this crisis, focus on factually and effectively communicating to stakeholders, and plan on how to meet government priorities in individual sectors and minimize the risk of business disruption.

Workforce: Beyond human welfare, there are people challenges to tackle, including how to support remote working at scale which include to attend to immediate global mobility concerns, such as reviewing travel and business rules, human resources policies, assess remote working strategy, including asking employees to temporarily stop work or work remotely or relocate, and address strains on a firm's existing information technology and communication infrastructure in order to support remote working during the crisis.

Operations and supply chain: The ripple effects of the Covid-19 pandemic are difficult to model and assess, but global businesses can begin to mitigate supply chain distributions by identifying alternative supply chain scenarios – especially as new cases of the virus emerge in different territories, activating pre-approved parts or raw-material substitutions, and adapting to allocations of customers and pricing strategies.

Tax, Trade, and Regulatory: Navigating complexity and risk in today's global uncertainty takes more than an understanding of tax and regulatory systems.

It is obvious and critical that tax functions consider the broader economic, political and societal context you operate in, in an effort to make an informed and hence compliant decisions that could drive your operations forward. To achieve this, businesses need to effectively manage cash taxes, obtain available refunds and consider local government and tax authority measures in response to Covid-19 situation, consider actions to stabilize supply chains while bracing for an unpredictable revenue and profitability mix in key markets, assess the resources your company needs to meet the ongoing direct and indirect tax compliance requirements, and explore opportunities focused on becoming more flexible in responding to arising uncertainties (Kristin & Melanie, 2020)

Navigating Tax, Legal and Economic Measures in Response to COVID-19

Strategy and Brand: As businesses move away from reacting to mitigating the impact of the outbreaks, strategies to emerge stronger may come in focus by considering accelerating digital transformation as the shift to remote working reveals gaps in it infrastructure, workforce planning and digital up skilling. Also by protecting growth and profitability through actions such as scenario planning, more frequent financial modeling exercises to improve resilience, and new models that incorporate economic impacts of past pandemics. Another strategy could be to take the pulse of your customers, thinking through longer-term considerations around shifts in core markets or business models as a result of the pandemic (Kristin & Melanie, 2020).

Finance and Liquidity: financial markets often watch how companies plan for and respond to events like the Covid-19 pandemic as businesses and entrepreneurs need to consider disclosures related to direct effects on the results of operations, as well as second and third order effects, assess disclosures on the current and future impact on liquidity and capital resources, and think about disclosures related to risk and uncertainties about

the impact of Covid-19 on future periods (Kristin & Melanie, 2020).

Implications for Businesses Operating from Jurisdiction other than their usual place

Sinha (2020) posit that during this time, it is possible that businesses experienced establishment of new supply chain arrangement, potential immigration requirement triggered by such circumstances, does made regards to the sources of supplies (resulting to indirect tax consequences), and taxable presence is created because of local filling requirement and tax consequences.

3. | THEORETICAL REVIEW

Psychological Theory of entrepreneurship put forward by David McClelland (1961) explained the need for achievement and offers that entrepreneurs possess a need to succeed, accomplish, excel or achieve. The focus is personal traits, motives and incentives. This is the case of entrepreneurs who are driven by this need to achieve and excel. However, the locus of control is correlated with variables such as risk taking, need for achievement, and tolerance for ambiguity. The entrepreneur believes in his or her capabilities to commence and complete things and events through his or her own actions. Since the entrepreneur has locus of control and believes in his capabilities, he or her develops the concept of establishing an enterprise with the full confidence that the enterprise will succeed and generate income.

According to McClelland, some of the characteristics or behaviors associated with entrepreneurs are that they tend to be more opportunity driven, demonstrate high level of creativity and innovation, and show high level of management skills and business know-how. They have been found to be optimistic, emotionally resilient and have mental energy, they are hard workers, show intense competitive desire to excel and win, tend to be dissatisfied with the status quo

and desire improvement, transformational in nature, lifelong learners and use failure as a tool and springboard and maintain locus of control.

4. | METHODOLOGY

In order to examine the impact of Covid-19 Pandemic on businesses and entrepreneurship in Owerri Municipal Area of Imo State, the simple random sampling technique was used to determine a sample size of 232 from a population of 430 business operators. Cronbach Alpha technique, with the use of SPSS version 23 helped in testing the reliability of the test instrument. The mean, standard deviation and multiple linear regression was employed in analyzing and testing of the research questions and hypotheses.

Table: 1 Cronbach’s coefficient, mean, and Standard Deviations

Variable	Cronbach’s (a)	Mean	Std deviation
Entrepreneurial mind- set	.886	4.244	.511
Entrepreneurial Resilience and Innovativeness	.783	4.058	.546
Business Ability to Continue	.785	3.018	.903
Impact of Covid-19	.692	3.96	.592

Data was analyzed using SPSS version 23. The dependent variable, Entrepreneurial mind-set yield the highest mean (4.244), Entrepreneurial Resilience and Innovativeness mean is 4.058, business ability to continue is 3.018 and the independent variable, Impact of Covid-19 mean is 3.96. Correlation is the relationship among variables, Pearson correlation was calculated to determine the effect of the relationship between dependent variables and the independent variable, Impact of Covid-19. Analysis of the correlation shows that all the three variables are significant as can be seen in table.2. The correlation between entrepreneurial mind-set, and Impact of Covid-19 is 0.726**, correlation of entrepreneurial resilience and innovativeness is 0.446** that indicates a positive relationship, and

that of business ability to continue which is 0.590** which also reports a strong relationship between business ability to continue and Impact of Covid-19.

Table.2 Correlation Analysis

Variable	EMS	ER/INN	BATC	IC
Entrepreneurial Mind-set (EMS)	.1			
Entrepreneurial Resilience & Innovativeness(ER/INN)	.119	.1		
Business Ability to Continue (BATC)	.458**	.510**	1	
Impact of Covid-19	.726**	.446**	.590**	1

* Correlation is significant at 0.05 level (1-tailed)

*Correlation is significant at 0.01 level (1-tailed)

Table.3 Regression Analysis

Model	Unstandardized Coefficients		Standardized Coefficients	R ²	t	Sig	Results
	B	Std. error	Beta				
a (constant)	1.451	.338		0.130	4.290	.000	
Entrepreneurial Mind-set	.678	.076	.163	.580	2.485	.000	Supported
Entrepreneurial Resilience & Innovativeness	.559	.075	.390	.516	5.672	.000	Supported
Business Ability to Continue	.623	.041	-.004	.397	-.059	.000	Not supported

a. Dependent Variable: Business and Entrepreneurship

Table.3 shows the relationship among the independent and dependent variables. Entrepreneurial mind-set, entrepreneurial resilience and innovativeness of entrepreneurs and business ability to continue regressed significantly with impact of Covid-19 and the variance accounted for, R² (.580), R² (.516), R² (.397), respectively and these figures indicate that (58%) of entrepreneurial mind-set, (51.6%) of entrepreneurial resilience and innovativeness and (39.7%) of business ability to continue can significantly impact on performance of business enterprises in Owerri Municipal Imo State South-East, Nigeria.

Multiple linear regression is employed to develop models relating the independent and dependent

variables. In the first model, the dependent variables seem to be reliable (P-value for F < 0.01 and adjusted R-square of 0.130). The significance of all the independent variable shows that P-value 0.000 < 0.05. The results show that variables of Entrepreneurial mind-set, Entrepreneurial resilience and innovativeness, and business ability to continue explain the variance (r²) of the Impact of Covid-19 on businesses and entrepreneurship. Beta coefficient values indicate the contribution of the individual predictors in the model. The Beta for entrepreneurial mind-set 0.678, indicating that increase in Covid-19 impact significantly results in increase in entrepreneurial mind-set by 0.678. A significance was also found between entrepreneurial resilience and innovativeness and impact of Covid-19 which indicate a beta value of .559 that reports a significant relationship between the two. Similarly, the beta value of .623 for business ability to continue variable also indicate that the overall impact of Covid-19 will increase by 0.623 increase in business ability to continue, thus, there is a significant relationship between these variables.

5. | DISCUSSIONS OF FINDINGS

The study focuses on the relationship between the independent and dependent variables in the context of performance of business enterprises in Owerri Municipal Imo State South-East, Nigeria. The findings of the study indicate that the variables like entrepreneurial mind-set, entrepreneurial resilience and innovativeness have significant effect on the impact of Covid-19, while ability to continue has no significant effect on the Impact of Covid-19 in Area studied. The study suggests that Impact of Covid-19 on performance of business enterprises in Owerri Municipal Imo State South-East, Nigeria is also an important predictor, similar to other developed countries. The measurement instrument provided as a result of this study is useful for researchers who are interested in conducting survey-based research associated with Impact of Covid-19 measures in any sector. This demonstrates that such a relationship that exist between the variables cannot be achieved

CORONA VIRUS (COVID-19) AND PERFORMANCE OF BUSINESS ENTERPRISES IN SOUTH - EAST, NIGERIA.

in isolation at a firm level alone, however, firms that manage to achieve this relationship benefits greatly by improving their operating margins, cost efficiencies, waste reduction, agility, and time-to-market, and overall gain sustainable competitive advantages.

Implication on Business and Entrepreneurship

The spread of Covid-19 virus is causing severe disruption to businesses globally, particularly in Imo State South East, Nigeria. The country so far has strived to cope with the uncertainties of this crisis so that businesses would continue to implement their pandemic response strategies in an attempt to remain productive. For many businesses, effective management is likely to be critical since this period as revenues falls and potentially, debtors delay payment or become insolvent. In ensuring strong compliance and administration during this crisis, staff of businesses working from home and business leaders focuses on the survival of business. Organizations may struggle during this time to maintain strong daily oversight of compliance processes and, as a result, important compliance deadlines maybe missed. (Anyanwu, Ogun & Okwara 2020).

Recommendations

- i. Entrepreneurs and businesses should think about disclosures related to risk and uncertainties about the impact of Covid-19 on future periods.
- ii. Entrepreneurs and Managers of businesses should be proactive in activating pre-approved parts or raw-material substitutions, and systematically adapt to allocations of customers and pricing strategies.
- iii. Businesses should effectively manage cash taxes, obtain available refunds and in developed environments consider local government and tax authority measures in response to Covid-19 situation.
- iv. Businesses should also explore opportunities focused on becoming more flexible in responding to arising uncertainties.

6. | CONCLUSION

The study examined the impact of Covid-19 Pandemic on performance of businesses enterprises in Owerri Municipal Area of Imo State, South East Nigeria. Specifically, the study examined variables such as entrepreneurial mind-set, entrepreneurial resilience and business ability to continue as an ongoing concern. Psychological Theory of entrepreneurship put forward by David McClelland (1961) was used to explain the need for achievement and offers that entrepreneurs possess a need to succeed, accomplish, excel and to achieve.

The mean, standard deviation, and multiple linear regression were used for the analysis and testing of the research hypotheses. Results show that the Covid-19 has a significant negative impact on performance of business enterprises in Owerri Municipal Area of Imo State of Nigeria. The however recommend that businesses should also explore opportunities focused on becoming more flexible in responding to arising uncertainties. The study concludes that Covid-19 has a significant negative impact on performance of business enterprises in Owerri Municipal Area of Imo State of Nigeria.

REFERENCES

1. Anyanwu. J, Ogun. O, & Okwara. D (2020). Financial, Tax and Regulatory Considerations to Manage Covid-19 Disruptions. Available at: home. Kpmg/social media.
2. CNBCAFRICA (2020). COVID-19: Nigeria extends lockdown by two weeks in Lagos, Abuja and Ogun states. Available at www.cnbc-africa.com/coronavirus
3. Doern.R, Williams.N, & Vorley.T (2019). Special Issue on Entrepreneurship and Crisis: Business as Usual? An introduction and review of the literature. *Entrepreneurship and Regional Development* vol.31 NO 5-6 PP. 400-412.
4. Dvoulety. O (2020). Entrepreneurship During the Times of COVID-19 Pandemic: challenges and

consequences. *Journal of Entrepreneurship in Emerging Economics*, available at <https://www.emeraldgrouppublishing.com/Journal/Jece>.

5. Glani. F.A (2020). Impak Psikologi akibat Wabak covid-19, Astro Awani, Available at <http://www.astroawani.com/berita-malaysia/Impak-psikologi-akibat-wabak-covid-19-233648>.

6. Karabag. S.F (2020). An Unprecedented Global Crisis: the global, regional, national, political, economic and commercial impact of the corona virus pandemic. *Journal of Applied Economics and business Research*, 10,(1), 1-6..

7. Lien. D.C, Burcu, K, & Raphael, R (2020). Discovering the Real Impact of Covid-19 on Entrepreneurship World Economic Forum. Available <https://www.weforum.org/agenda|2020|06>].

8. Kristin .R & Melanic .B (2020). Responding to the Business Impacts of Corona Virus (COVID-19) Available at <https://www.pwc.com/ng/en/covid-19.html>

9. Kuckertz.A, Brandle.L, Gaudig.A, Hinderer.S, Morales.A, Prochotta.A, Steinbrink.K, & Berger.E.S, (2020). “Startups in Time of Crisis – A Rapid Response to the COVID-19 Pandemic”, *Journal of Business Venturing Insights*.

10. Maric-France.D (2020). What are the Impacts of COVID-19 on Entrepreneurship? Available at www.glion.edu

11. McClelland.D, (1961). Towards a Theory of Motive Acquisition. *American Psychologist* 20.

Sinha.D (2020). Post-covid-19 trends of Entrepreneurship. Available at <https://www.entrepreneur.com/article/353514>.

12. Turner,J & Akinremi.T, (2020). The Business Effects of Pandemics – A rapid Literature review “Enterprise Research Center, available at <https://www.enterprise-research.acc.uk/wp-content/uploads/2020/04/ERC-insight - The business - effects - of - pandemics -%E2%80%93 a - rapid - literature - review - final.pdf>.

13. Wach.D, Stephan.U, & Gorgievski. M (2016). “More Than Money: Developing an integrative multi-factorial measure of entrepreneurial success”. *International Small Business Journal*, vol.34, no, 8, pp.1098-1121.

14. World Health Organization – (WHO) (2020). “WHO Timeline – COVID-19, Available at <https://www.who.int/news-room/details/27-04-2020-who-timeline-COVID-19>, accessed 27 April 2020.

How to cite this article: Dr. Obialor, donatus chukwuemeka and Prof. Ayandele, isaac ayanyinka Corona virus (covid-19) and performance of business enterprises in south - east, Nigeria. *Research Review*. 2022;639–646. <https://doi.org/10.52868/RR/2022 -3-1-7>