Ojukwu, Chioma Obianuju, 2021, 6(1):1-17

Impact of COVID-19 on Financial Performance of Micro-Enterprises in Nigeria

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ABSTRACT

This study aims to investigate the impact of COVID-19 pandemic on financial performance of Micro-Enterprises (MEs) in Nigeria. This study adopted the documentary and survey methods. Questionnaire was used in gathering the primary data. The population of this study is MEs in Nigeria. The target population is MEs in Rivers State. The accessible population is MEs in Mile 3 Ultra-Modern Market, Diobu, Port Harcourt. Using a purposive sampling technique, a sample of 160 MEs was selected and 136 responses were retrieved. The questionnaire was distributed and retrieved in August 2020. Regression analysis and correlation matrix techniques were used to test hypotheses. This study found that the COVID-19 pandemic has a negative and significant impact on revenue of micro enterprises (MEs) in Nigeria with credence to Mile 3 Ultra-Modern Market, Diobu, Port Harcourt, Rivers State with the coefficient of determination R^2 that exhibited an average coefficient of 0.56 and a significant P-value of 0.05. The study further found that COVID-19 has a negative and significant impact on the inventory and profit of MEs in Nigeria. Hence, concludes that there is a significant and negative impact of the COVID-19 pandemic on the financial performance of Micro Enterprises(MEs) in Nigeria. Therefore, recommends that owners of MEs should develop resilience through the adaptation of emerging technologies in order to drive sales, manage inventory properly and boost profits. Furthermore, governments should offer palliatives to MEs such as grants, soft loans, waivers of levies and taxes, subsidies to assist in driving better financial performance for MEs.

Keywords: COVID-19, Financial Performance, Micro-Enterprises, Revenue, Inventory, Profit.

JEL Classification: I1; L25; L32; M41.

1. Introduction

Over the years, Micro Enterprises (MEs) are faced with varied challenges and they struggle daily to stay financially afloat. They are confronted with a plethora of issues mitigating the quest to achieving their business goals which are majorly profitability and survival. The challenge is even greater in developing economies like Nigeria. Micro Enterprises(MEs) which is a component in the general classification of Micro and Small and Medium Enterprises(MSMEs) encounter various challenges that critically affect their financial performance such as: lack of capital; poor financial literacy; poor inventory management in particular and poor accounting systems generally; high cost of transportation of their goods; high inflation rate; multiple taxes and levies by governments and other agencies of government; poor infrastructure like electricity, water supply and road network to move their goods and high level of insecurity. Kale (2019) identified high fuel price, taxes and power supply as the topmost unfavourable policies for MEs and create a challenging operating environment for them.

Amid all these challenges mitigating the financial performance of MEs, the deadly Coronavirus (COVID-19) emerged in December 2019 from Wuhan, China (WHO, 2020) and became a global pandemic causing abrupt and massive disruption of businesses globally. On March 11th 2020, the World Health Organization (WHO) officially announced that COVID-19 is a global Pandemic (WHO/Europe, 2020). The COVID-19 pandemic has been categorized as a black swan event that triggered a ripple effect on all aspects of human life (Verma and Gustafsson, 2020). According to United Nations Secretary-General Antonio Guterres (Africanews, 1st April 2020), COVID-19 pandemic is the worst global crisis since World War II.

According to Dr. Yemi Kale, the Statistician-General of the Federation/CEO National Bureau of Statistics (NBS), in the report titled Micro, Small and Medium Enterprises (MSMEs) National 2017 Survey Report, defined Micro Enterprises(MEs) as enterprises with less than ten (10) employment and assets less than N5 Million excluding land and building and where conflict of classification arises, employment-based classification takes precedence (Kale, 2019).

Many MEs do not have any formal registration with Corporate Affairs Commission (CAC), no business plan, no accounting system nor are they insured. Hence unable to access any government relief packages for small businesses from the Central Bank of Nigeria or any other source of financial assistance from any bank or other government establishments which usually require proper documentations before financial assistance are given. According to Kale (2019), 75.6% of MEs have no business plan; 97.8% are not registered and 96.61% are not insured.
MEs form the majority of businesses in Nigeria and they also form 99% of MSMEs, hence drive the trend for the entire category of MSMEs (Kale, 2019). This fact about MEs vividly portrays the strategic importance of MEs in Nigeria and their survival very imperative to the country's economy. Many MEs are informal in nature in Nigeria.

COVID-19 as a topic has generated a lot of attention of researchers and the academia leading to several debates. This paper will contribute to these debates by investigating the impact of Covid-19 lockdown on financial performance of Micro Enterprises (MEs) in Nigeria using MEs owned by both men and women in Mile 3 Ultra-Modern Market, Diobu, Port Harcourt, one of the largest open markets in Rivers State as the case study.

Of a truth, COVID-19 pandemic took the world by surprise, generated panic globally, caused a lot of deaths within a short period of time and created unprecedented conditions making governments come up with extraordinary policies aimed at fighting the disease. All the new policies by governments aimed at fighting it were seen to be right at that time because one must be alive and healthy first before thinking about economics. However, there was the need to properly manage the health crisis caused by the virus for it not to worsen the economic crisis of the populace and nations generally leading to more challenging times for everyone and businesses, MEs inclusive.

We all know that human life is more valuable than any economic activity. This study is not aimed at the criticism of government policies taken to save lives but rather to contribute to the discourse and bring out vividly the challenges the pandemic caused on humanity and particularly on Micro Enterprises (MEs). The findings of this study will help to proffer long term and short term solutions to micro-business owners and make propositions for policymakers to chart a roadmap that will bring sustainable growth and development to the micro-enterprises, who are oftentimes forgotten in the scheme of things.

Ojukwu, Chioma Obianuju, 2021, 6(1):1-17

Covid-19 created a two-fold challenge: health challenge and economic challenge globally. This created economic shocks to a lot of businesses. Following the ease of transmission, regulations were set out to avoid its spread including: avoid touching of our faces and touching of surfaces; regular washing of hands with soap and running water and observing social distance of at least one (1) meter from another person. Strict restrictions like avoiding crowded areas, reduction of large gatherings, wearing of face masks, high protection of elderly people and people with underlying illnesses, were advised (WHO, 2020; National Centre for Disease Control (NCDC), 2020a).

Governments all over the world reeled out measures, directives, laws, actions and inactions all in a bid to contain this deadly virus. World leaders started imposing travel restrictions, shutting down airports, closing land and sea borders leading to shutting down of economies, closure of schools, suspension of football tournaments, entertainment centers, markets and businesses generally hence causing serious economic shocks on micro-businesses greatly.

Nigeria confirmed its index case of COVID-19 on Thursday 28th February 2020 by an Italian who returned from Milan to Lagos on 25th of February 2020 (The Guardian, Feb 28th 2020). With that, both the federal and state governments swiftly swung into actions to prevent the spread of the virus across Nigeria.

National Centre for Disease Control (NCDC), an agency of Federal Government already in existence was in charge of controlling the spread of the virus across the country. They were engaged in training and retraining of medical personnel across the 36 states of the federation and Federal Capital Territory (FCT) and help them in setting up laboratories in its management and control. The 36 States of the Federation in Nigeria followed suit in the preparation and management of the Pandemic as well. Rivers State which is the study area of this research took very pragmatic and drastic steps in the fight against the Pandemic.

On 25th March 2020, Rivers State Government announced that all land and sea borders beginning from 6 pm Thursday, March 25th must be closed. Surveillance post at the land borders and sea borders were set up. All forms of open worship including crusade and vigils were banned; Public burials and weddings were prohibited while public parks, night clubs and cinemas were closed down. On Friday 26th of March 2020, all schools and institutions of learning were to be closed with immediate effect, all flights going out and into the state from Port Harcourt International Airport, Omagwa and Air force base were stopped (Scannews, 2020a).

On March 26th Rivers State recorded its first case of Covid-19. In a state wide broadcast by the Governor of the State, Governor Nyesom Ezebunwo Wike announced that all markets no matter how small are to remain closed starting from 28th March 2020 (Scannews, 2020b). This marked the beginning of Economic Lockdown in the state generally and lockdown of MEs in the markets in particular.

As the sudden announcement of the lockdown of the markets was made, the markets experienced great rush as people trooped in to buy things enough to stock their houses until the pandemic was over which nobody, unfortunately, knew when it would end at that time. This made some to make a high volume of sales which will be referred to as Revenue according to International Accounting Standard 18, Revenue (IAS 18) in this paper.

The market forces of demand and supply in economics came to play, prices of goods skyrocketed as many customers were pursuing too few goods. The prices of some items essential commodities

increased such as Bread, Yam, Eggs, Garri, Palm Oil and Vegetable Oil, Crayfish and most other foodstuffs making some MEs to make huge profits due to the panic buying by citizens.

More so, it was as if the world was coming to an end and many households were stockpiling essential commodities as much as their finances could carry them. Some MEs especially those selling food and groceries exhausted most of their inventory in their shops/shades as customers bought them off while some also could not sell off all the perishable goods they had in their shops and had to carry them out of these markets to their houses. Some others who were dealing on non-essential commodities like kitchen utensils, cosmetics, make-up, fashion accessories, dresses of all types, tailoring materials, stationeries and many others could not sell much. Many who could not easily move their goods out of the markets had to leave them with the belief that the Lockdown will be eased soonest. Some others who ordered foodstuffs like bags of rice, corn, beans and other grains and vegetables from outside the state whose goods were still on the way, were left with anxieties on the fate of their goods as the Lockdown was announced and the borders totally closed affecting the inventory of these MEs.

Despite the total lockdown of the markets, many illegal markets sprung up along some streets close to the markets and also along many other streets in the State as most of these MEs tried to make sales to earn revenue due to the pressure of hunger and to find resources to feed their families despite the danger of contracting the deadly COVID-19. As the markets were closed, some market union leaders were seen collecting levies ranging from N500-N1000 daily from some traders for them to go inside their shades inside the markets to carry out their goods for sale.

Some traders who were dealing on non-essential commodities like kitchen utensils, stationaries, fashion accessories among others had to find alternative businesses on essential commodities to do within the pandemic and they were selling in their houses or in front of their houses and on streets to make ends meet.

The lockdown also led to rise in prices of goods due to the fact that these goods were purchased under very harsh conditions as transportation fares were increased following restriction of movements and low production of goods from factories due to pandemic.

None of the MEs envisaged the long period the lockdown of the markets would be as it started from 6 pm Saturday 28th March 2020 by 6 pm. However, on 17th of August 2020, Rivers State Government announced that with effect from Tuesday 18th of August 2020, all markets in the State were to open for business making the MEs in these places to heave a sigh of relief.

The aim of this study is to empirically establish the impact of COVID-19 pandemic on the financial performance of Micro-Enterprises in Nigeria using MEs in Mile 3 Ultra-Modern Market, Diobu, Port Harcourt, Rivers State as the case study. The objectives of this study are in three-folds: to discover the impact of COVID-19 pandemic on revenue of MEs; to investigate the effect of the pandemic on the inventory of MEs and finally to ascertain whether COVID-19 posed a challenge on the profit of MEs. From these objectives, the following research questions were asked: to what extent did COVID-19 pandemic affect the revenue of MEs in Nigeria; to what extent did COVID-19 pandemic affect the inventory of MEs in Nigeria and finally, to what extent did the pandemic affect the profit of MEs in Nigeria. Subsequently, three (3) hypotheses were formulated: COVID-19 pandemic does not have any significant effect on revenue of MEs in Nigeria; COVID-19 pandemic does not have any significant effect on the inventory of MEs in Nigeria and COVID-19 pandemic does not have any significant effect on profit of MEs in Nigeria.

Few literatures have sparsely investigated MEs particularly. This assertion was confirmed by Hanninen, Jokela, Saarela and Muhos (2016) in their study Exploring the Micro-Enterprise Research Gap using data from studies carried out between 2000 to 2015. They established a gap in research on micro-enterprises unlike studies on Small and Medium Enterprises (SMEs) as researchers focus more on SMEs and exclude MEs. Their results also found that there are relatively few studies from developing countries. The Study concluded that there is a need for empirical studies to support MEs practices.

More so, there are few prior researches on the Impact of COVID-19 and MSMEs generally and practically none looking at MEs particularly. These few studies on MSMEs and COVID-19 were done in other geographical locations and very few done in Nigeria. Therefore, this study fills these gap in knowledge.

The remaining part of this paper are as follows: literature review; methodological approach; empirical results and discussions and finally, conclusions and recommendations.

2. Literature Review

2.1 Theoretical Framework

This study uses the combination of crisis management and strategic planning theories as its theoretical underpinnings. According to Vargo and Seville (2011), the riskiness of life goes together with new opportunities and more often they present themselves together in a crisis. They further stated that crisis management most likely focuses more on threats that arise from the rapidly changing environments or situations; the negative aspects needing a quick response at the occurrence of such a crisis. However, opportunities are inherent in change, especially dramatic change and such changes are often left to such management concepts as strategic planning.

Hinging on these theories, amid the crisis which COVID-19 pandemic presents to business owners, there are strategic management steps that business owners, employees and policymakers need to take to forge ahead and have more resilience so that within the shortest possible time, the businesses especially MEs will not just survive the crisis created by COVID-19 pandemic but rather see more opportunities and come out stronger.

2.2 Conceptual Framework

Micro Enterprises (MEs)

The term micro means very small. MEs are very small businesses owned that are engaged in the exchange of goods and services. According to Kgomotiokoa and Tlakamoleke (2016), micro-businesses means all very small businesses that are either formal or informal.

Kale (2019) defined Micro Enterprises(MEs) as enterprises with less than ten (10) employment and assets less than N5 Million excluding land and building. Based on the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) National Policy on MSMEs, the definitions adopt a dual-criteria class limits: employment and assets (excluding land and buildings). Where there is a conflict of classification, the employment-based classification takes precedence. For example, where a business has N8,000,000 in assets and has Nine (9) employment including the owner, that business is classified as a Micro Enterprise.

Ojukwu, Chioma Obianuju, 2021, 6(1):1-17

The researcher refers to MEs in this paper as self-employed persons who run very small businesses (micro-businesses) and have employees below ten (9) in number and sometimes also run the businesses all alone.

In many developing economies, Microenterprises form a large proportion of their MSMEs. In India, MEs form 99.47% of MSMEs, 0.52% for Small Enterprises and 0.01% was for Medium Enterprises (Mehrotra et al, 2020). MEs form 99% of MSMEs in Nigeria (Kale, 2019). According to Udo (November 18, 2016), MEs represent the majority of MSMEs in Nigeria with 36,994,578 enterprises (about 99.80%) while small enterprises accounted for 68,168 firms and medium enterprises took 4,670. This vividly shows the strategic importance of MEs in job creation, poverty alleviation and economic stability in Nigeria.

Gomez (2008) opined that since the eighties, there has been an intensified interest and a subsequent expansion of policies into the sector of MEs following the detection of widespread entrepreneurial activity in that sector both in developed and developing nations and enhancing these businesses could help to effectively and rapidly fight poverty.

Financial Performance

Financial performance of enterprises is the effective implementation of monetary objectives and their accomplishments by the enterprises effectively and efficiently. Performance is the multiplication function of individual attributes, work efforts and organizational support. Financial performance is measured with indices such as: profitability; revenue (which many MEs refer to as sales turnover); inventory or stock turnover; liquidity. The higher these indices, the better the financial performance. Financial performance measures the overall financial health of a business over a period of time, which could be weekly, monthly, quarterly or annually.

Revenue

International Accounting Standard (IAS) 18 Revenue defined revenue as the gross inflow of economic benefits (cash, receivables, other assets) that arises from the ordinary operating activities of the business of an entity (such as sales of goods, sales of services, interest, royalties and dividends) when the inflows result from the increase in equity other than increases as a result of contributions from equity participants, Deloitte (2020a). It is measured at the fair value of the consideration received or receivable.

Simply put, revenue for MEs can be referred to as all the gross inflow from normal daily sales of their goods and rendering of services to customers. It is commonly called turnover or sales turnover by these businessmen and women.

Inventory

IAS 2 Inventories defined inventory to include assets held for sale in the ordinary course of business (finished goods), assets in the production process for sale in the ordinary course of business (work-in-progress) and materials and supplies that are consumed in production (raw materials) (Deloitte, 2020b). Inventories are recorded at the lower of Cost and Net Realizable Value(NRV).

Inventories are commonly referred to as Stock. MEs also see the goods they have in their shops as Stock. According to the Oxford Dictionary (2020), Stock means the goods or merchandise kept on the premises of a shop or warehouse and available for sale or distribution.

Ojukwu, Chioma Obianuju, 2021, 6(1):1-17

Profitability

Oxford Dictionary (2020) defined profitability as the degree in which a business produces financial gain or profit. In this paper, profitability will be simply defined as the excess of revenue over expenses attributable in the course of the ordinary activities of the business before taxation. Businesses make profit by reducing cost, minimizing wastage and enhancing performance.
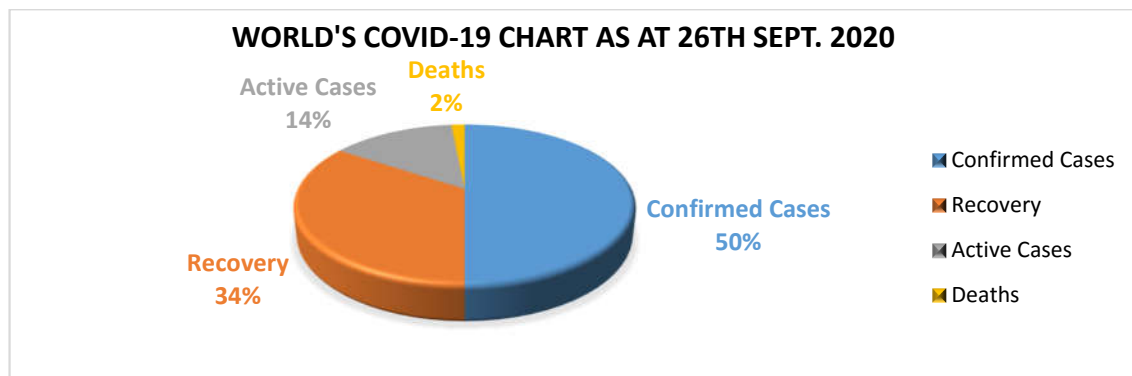
COVID-19

The COVID-19 is one of the viruses in the family of Coronavirus. Coronaviruses according to World Health Organization (WHO) (2020) are a group of viruses that cause sickness to both human beings and animals. They cause respiratory illnesses range from the common cold to more serious diseases like Severe Acute Respiratory Syndrome (SARS) and Middle East Respiratory Syndrome (MERS). COVID-19 is the most recent of this coronavirus disease to be discovered and the outbreak started in Wuhan, China in December 2019 (WHO, 2020).

The symptoms of COVID-19 include headache, fever, nasal congestion, dry cough, aches and pains, sore throat, tiredness, conjunctivitis, loss of taste or smell, diarrhea, difficulty in breathing or shortness of breath, skin rashes or discoloration of toes or fingers. It is transmitted through human-human via droplets from coughing, sneezing and talking. This occurs when the droplets of an infected person touch the eyes, nose and mouth of another person. It can also be transferred through surfaces. There are evidences of transmissibility both through symptomatic persons and asymptomatic persons. Older persons with underlying medical conditions such as heart and lung problems, cancer, high blood pressure or diabetes were highly susceptible to contracting the COVID-19, hence need more protection. However, all age groups can catch the disease (WHO, 2020; NCDC, 2020a).

World's COVID-19 Situation Report

According to Novel Coronavirus Map of (Infographics, Channel News Asia, 2020) as at 26th September 2020 by 12.28pm the global record of the virus stood at 32,589,992 confirmed cases in the world, 22,378,686 recovered cases, 9,221,874 active cases and unfortunately, 989,432 reported deaths. According to World Bank (2020a), the population of the World as at 2019 is 7.674 Billion. The COVID-19 situation report of the World is presented below.

Figure 1. Graphical presentation of the COVID-19 situation in the World as at 26th September 2020 by 12.28 pm (Nigerian Time).


Nigeria and Rivers State COVID-19 Situation Report.

Ojukwu, Chioma Obianuju, 2021, 6(1):1-17

In Nigeria, according to NCDC COVID-19 Situation Report, as at 26th September 2020, 136 new cases of COVID-19 were recorded bringing the total number of confirmed cases to 58,198. Out of the confirmed cases, 49,722 of them have recovered and have been discharged. Unfortunately, Nigeria has recorded 1,106 deaths. The country has 7,370 active cases (NCDC, 2020b) as at 26th September 2020. According to the World Bank (2020), the population of Nigeria is approximately 202 Million.

Coming to Rivers State, as at 26th September 2020, out of the 36 states of Nigeria and FCT, Rivers State is number 7 in the General Fact Sheet - Data Table of NCDC with 2,324 confirmed cases, 2,206 recovered and discharged cases, 59 active cases and very unfortunately 59 deaths (NCDC, 2020b). According to the World Bank (2020a), the population of Rivers State is approximately 4.2 Million.

Figure 2. Graphical presentation of the COVID-19 situation in Nigeria and Rivers State as at 26th September 2020.

	Confirmed Cases	Recoveries	Active Cases	Deaths
NIGERIA	58,198	49,722	7,370	1,106
RIVERS STATE	2,324	2,206	59	59
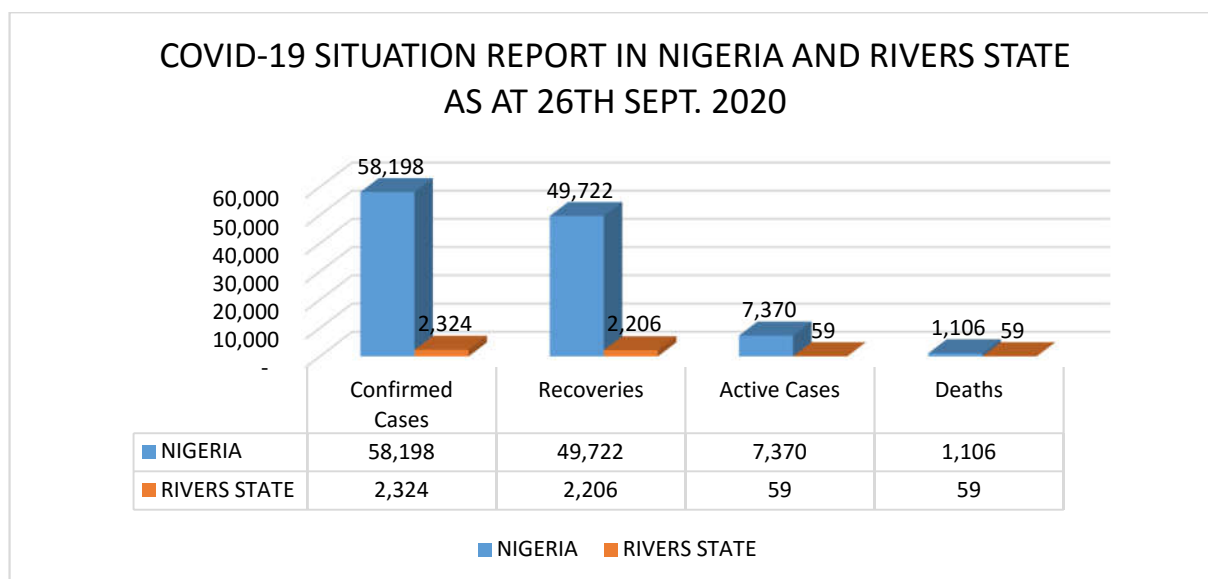
Mile 3 Ultra-Modern Market Diobu, Port Harcourt, Rivers State

The market is one of the biggest open markets located at the Diobu axis of Port Harcourt City Local Government Area (L.G.A) in Rivers State in the oil rich Niger Delta Region in Nigeria.

2.3 Empirical Review

Few empirical studies have been carried out on MEs generally, as well as on MEs and COVID-19.

Alom *et al* (2016) studied Success Factors of Overall Improvement of Microenterprises in Malaysia. The study used descriptive statistics and applied multiple regression analysis in data analysis for 253 microenterprises in Malaysia. They found that competition and the age of the enterprises affect the overall performance of the microenterprises negatively. They further found that the age of entrepreneurs, level of education, training, product/service demand, finance availability positively impacts the growth of these MEs.

Kgomotiokoa and Tlakamoleke (2016) studied an Investigation into the Challenges faced by Micro-Enterprises, Turf Loop, in South Africa. This study was a qualitative case study on ten purposively

Ojukwu, Chioma Obianuju, 2021, 6(1):1-17

sampled micro-businesses in Turf Loop Plaza and found that competition was very rife in the area which has led to gatekeeping that prevents new businesses from entry and adds to the challenges of the MEs there. They concluded that competition impacts negatively on business success and causes gatekeeping to new market entrants hence recommended that government and NGOs should take up the responsibility of assisting emerging micro-businesses to ease cut-throat completion.

In Pakistan, Hassan and Ahmad (2016) studied The Role of Micro Enterprises in Employment and Income Generation: A Case Study of Timergara City Dir (L) Pakistan. Primary data was collected through questionnaire. Regression analysis and descriptive statistics were employed in data analysis. The study found that these MEs created about 4.75 average numbers of employees per Micro Enterprise. They also found that 42.5% of the owners of these MEs get an average monthly income from Rs. 53000 to Rs. 89000 and each employee gets an average income of Rs. 11997 per month. They concluded that MEs greatly play a role in reducing unemployment and income generation. Hence recommended easy access to credits, government control, price control and provision of energy to drive the development of these MEs.

Other studies that investigated COVID-19 and Micro, Small and Medium Enterprises (MSMEs) are reviewed below.

International Labour Organization (ILO) (2020) on MSME Day 2020 documented that findings of an ILO SCORE Programme survey showed that MSMEs are struggling to survive the effects of COVID-19 and were hit the hardest. They opined that MSMEs matter much more now than ever before as they represent over 70% of employment globally and 50% of the world's GDP, therefore cannot be ignored. They recommended that since Cash flow is the key concern for MSMEs and they need to be given access easily to short-term liquidity, deferment of utility bills as well as deferment of social security contributions in order to support them to survive and continue their contribution to the global economy.

Mohsin *et al* (2020), who studied Impact of COVID-19 Pandemic on Micro, Small and Medium-sized Enterprises Operating in Pakistan. Exploratory methodology was adopted through descriptive statistics. The results showed that most of the participating enterprises have been severely affected and are facing several issues such as financial, supply chain disruption, decrease in demand, reduction in sales and profit, among others. The protection of employees and information accuracy, boosting economy, income and employment support for MSMEs, planning, building resilience capability and positive social relations were recommended.

In India, Mehrothra *et al* (2020) studied Assessing the Economic Impact of COVID-19 on MSMEs using data from a quantitative sample size of 152 respondents and 15 respondents from a qualitative panel of 15 MSMEs interviewed. The study found that about one-fourth of the respondents have started selling new products and services because of the pandemic and were affected by the pandemic. They recommended that the government should put up measures to lessen the burden of expenses for MSMEs.

Another study in India by Kanitkar (2020) on The COVID-19 lockdown in India: Impacts on the economy and the power sector using linear equation model. The study found that subject to the extent of the period of the lockdown, that the economy of India will possibly suffer around 10-31% loss in its GDP and a reduction of 26% daily supply of their coal-based power plants leading to a reduction in carbon emissions.

Ojukwu, Chioma Obianuju, 2021, 6(1):1-17

According to Lakuma *et al* (2020), the Economic Policy Research Centre (EPRC) in Uganda conducted a rapid survey of businesses during this COVID-19 pandemic and found that three-quarters of the businesses surveyed have laid off their staff due to the risks the pandemic presented. They found that business activities were reduced by more than half due to the lockdown measures put in place such as bans on weekly markets, transport restrictions, social distancing and quarantine. The research further found that micro and small enterprises witnessed a larger decline in business activities compared to medium and large scale businesses.

In Nigeria, a survey by FATE Foundation in conjunction with BudgIT Nigeria on the Impact of COVID-19 on Nigerian MSMEs, with data from 1,943 Micro, Small and Medium Enterprises (MSMEs) from respondents across the 36 states in Nigeria including the FCT and across sectors. They found that 94.3% of these MSMEs surveyed were impacted negatively by the COVID-19 pandemic especially in areas of sales, cash flow and revenue. They further found that jobs were impacted negatively as 82.8% reported that most likely they will disengage 1-5 employees. The report also found that about 50% of the enterprises despite the pandemic were able to discover new opportunities (Fate Foundation, 2020).

From the analysis of the above empirical findings, the researcher established a gap particularly in understanding the impact of COVID-19 on Micro-enterprises. The few prior researches dwelt more on COVID-19 and MSMEs generally and there was practically none looking at MEs particularly. These few studies on MSMEs and COVID-19 were mainly done in other geographical locations and very few were done in Nigeria. This paper is one of the first empirical research on the impact of Covid-19 on MEs using Mile 3 Ultra-modern market in Rivers State as the case study.

This paper will get the actual impulses of the MEs through a well-constructed questionnaire and oral interview questions. The actual experiences of the traders during the Covid-19 Lockdown period will be empirically analyzed. The result of the study will help government to come up with strategic policies to assist the MEs. It will also help businesses and MEs particularly to learn how to cope in case such a pandemic re-occurs and the markets are locked down again. Therefore, all these knowledge gaps are what this study attempts to fill.

3. Methodology

This study adopted the documentary and survey methods. The methodology engaged in gathering data for this survey were through oral interview and self-administered set of questionnaire that was validated by experts in accounting and finance and showed to have a reliability co-efficient of 0.82% determined through Pearson Product Moment Correlation (PPMC) in a test–retest interval of two weeks. The population of this study is Micro Enterprises in Nigeria. The target population is MEs in Rivers State. The accessible population is MEs in Mile 3 Ultra-Modern Market, Diobu, Port Harcourt. Using purposive sampling method, a sample of 160 MEs were selected for the study, traders engaged in selling of raw foodstuffs, beverages, provisions, kitchen utensils, textiles, electronics, baby wears, shoes and bags, household items, cosmetics, drinks, wheelbarrow pushers, grinders and article sellers. A set of questionnaire was distributed to 160 people out of which 136 was completed and retrieved from the respondents representing 85% of the total questionnaire that was distributed, 24 of it were not returned. This was distributed and retrieved in the market in August 2020 after the Lockdown of markets in Rivers State which ended on 17th of August 2020. The oral interview was also held simultaneously within the same period. Ten questions were asked and the response format was based on a 5-point Likert-type scale: Undecided - 0; Strongly disagree - 1; Disagree - 2; Agree - 3 and Strongly Agree - 4. An open-ended question was also asked the

Ojukwu, Chioma Obianuju, 2021, 6(1):1-17

respondents to freely say their opinion on issues that the questionnaire did not ask specifically. SPSS Version 27 was used in the data analysis. Regression analysis and correlation matrix techniques were used to test hypotheses at the level of significance at alpha @ = 0.05.

Decision Rule
Probability Value(P-value) < 0.05(Level of Significance) = Reject H0
Probability Value(P-value) > 0.05(Level of Significance) = Fail to reject H0
The above imply that Null Hypotheses will be rejected where the Probability value (P-value) is less than 0.05 and conversely, the study will fail to reject the Null Hypothesis where the P-value is greater than 0.05.

Model Specification

In line with the objective to ascertain the effect of COVID-19 pandemic on revenue of MEs, the researcher applied the model below to test the null hypothesis which states that the COVID-19 pandemic does not significantly affect the revenue of MEs:

Model 1 Revenue = f(COVID-19)

Expressing the equation in explicit form, it becomes:

$$REV = a_0 + a_1 COVID\text{-}19 + e_t \dots \quad (1)$$

Where:

REV is revenue; a_0 is constant term; a_1 is the coefficient/slope of regression line which indicates the extent to which the independent variable affects the dependent variable and e_t is the error term which is a stochastic variable that includes all other factors not captured by this model but might impact on the model estimation.

The second research objective which is to examine the effect of COVID-19 on the Inventory of MEs, the researcher applied the model below to test the null hypothesis which states that COVID-19 pandemic does not significantly affect the Inventory of MEs:

Model 2 Inventory = f (COVID-19)

Expressing the equation in explicit form, it becomes:

$$INV = b_0 + b_1 COVID\text{-}19 + e_t \dots \quad (2)$$

INV is inventory, b_0 is the constant term, b_1 is the coefficient while e_t is the error term.

Furthermore, the research objective which is to ascertain the effect of COVID-19 on Profit, the researcher applied the model below to test the null hypothesis which states that COVID-19 does not have any significant effect on Profit:

Model 3 Profit = f(COVID-19)

Ojukwu, Chioma Obianuju, 2021, 6(1):1-17

Expressing the equation in explicit form, we have:

$$Profit = C0 + C1COVID\text{-}19 + et \dots \quad (3)$$

C_0 is the constant term, C_1 is the coefficient while e_t is the error term.

4. Results and Discussion of Findings

Regression analysis and correlation matrix technique were employed in this study and a 0.05 percent level of alpha is used as a yield stick for judgment accordingly.

Model 1

$$REV = a_0 + a_1COVID\text{-}19 + e_t \dots \quad (1)$$

Summary of the Regression Result for Model 1.

From the ANOVA table of the SPSS Version 27 output (using 0.05 level of significance), the overall regression is significant as the results revealed: F(7.988), P-Val = 0.05, R^2 = 0.56.

The result presented above captured for model 1 revealed that the coefficient of determination R^2 exhibited an average coefficient of 0.56 thus suggested that COVID-19 pandemic is capable of predicting change in revenue of micro enterprises (MEs) in Nigeria with credence to Mile 3 Ultra-Modern Market, Diobu, Port Harcourt, Rivers State. The significant P-value of 0.05 alongside F-statistics of 7.988 suggested that the overall model is significant and result from this study could be used for critical decision making. Hence, the study rejects the hypothesis that COVID-19 pandemic does not have any significant effect on the revenue of MEs in Nigeria.

Table 1: Presentation Correlation Result

Correlations

		COVID	REVENUE
COVID	Pearson Correlation	1	-.237**
	Sig. (2-tailed)		.005
	N	136	136
REVENUE	Pearson Correlation	-.237**	1
	Sig. (2-tailed)	.005	
	N	136	136

Source: Extraction from SPSS

The result above provided evidence to support that COVID-19 pandemic negatively affects the revenue of MEs in Nigeria with credence to the Mile 3 Ultra-Modern market. This is identified from its negative correlation coefficient of -0.237. This implies that a negative relationship exists between COVID-19 pandemic and the financial performance of MEs in Nigeria with credence to Mile 3 Ultra-Modern market. The economic implication of the report is that increase in COVID-19 pandemic is capable of downsizing revenue of MEs in Nigeria with credence to Mile 3 Ultra-Modern market to

Ojukwu, Chioma Obianuju, 2021, 6(1):1-17

the tune of 0.237 unit. Further, we found that a significant correlation exists between COVID-19 pandemic and the financial performance of MEs in Nigeria. This is evidenced by its significant P-Val of 0.005.

Model 2

$$INV = b_0 + b_1 COVID\text{-}19 + e_t \dots \quad (2)$$

Summary of the Regression Result for model 2

From the ANOVA table (using 0.05 level of alpha), the overall regression is significant as it was found that: $F(30.570)$, P-Val = 0.000, $R^2 = 0.19$.

The result presented above, captured model 2 revealed that the coefficient of determination R^2 exhibited a coefficient of 0.19 thus suggested that COVID-19 pandemic is capable of predicting change in inventory of MEs in Nigeria with credence to Mile 3 Ultra-Modern Market, Diobu, Port Harcourt, Rivers State to the tune of 19 percent. The significant P-value of 0.000 alongside F-statistics of 30.570 suggested that the overall model is significant and the result from this study could be used for critical decision making.

Table 2: Presentation Correlation Result
Correlations

		COVID	INVENTORY
COVID	Pearson Correlation	1	-.431[**]
	Sig. (2-tailed)		.000
	N	136	136
INVENTORY	Pearson Correlation	-.431[**]	1
	Sig. (2-tailed)	.000	
	N	136	136

Source: Extraction from SPSS

The study found that a negative and significant relationship exists between COVID-19 pandemic and the financial performance of MEs in Nigeria with credence to Mile 3 Ultra-Modern market. This is identified from its negative correlation coefficient of -0.237 alongside a significant P-value of 0.000. By implication, the result implies that an increase in COVID-19 pandemic negatively affects the inventory of MEs in Nigeria with credence to Mile 3 Ultra-Modern market to the tune of 0.237 unit. This suggests that as the pandemic spread, MEs' inventory decreases. With the P-value of 0.000, the second hypothesis that COVID-19 pandemic does not have any significant effect on the inventory of MEs in Nigeria is rejected.

Model 3

$$Profit = C0 + C1 COVID\text{-}19 + et \dots \quad (3)$$

Ojukwu, Chioma Obianuju, 2021, 6(1):1-17

Summary of the Regression Result for model 3

From the ANOVA table (using 0.05 level of alpha), the overall regression model is significant as:

$F(49.336)$, $p = 0.000$, $R^2 = 0.27$.

The result above for model 3 reveals that the coefficient of determination R^2 exhibited a coefficient of 0.27 thus suggested that change in COVID-19 pandemic is capable of predicting further change in profit of MEs in Nigeria to the tune of 27 percent. The significant P-value of 0.000 alongside F-statistics of 49.336 suggested that the overall model is significant and the result from this study could be used for decision making.

Table 3: Presentation Correlation Result

Correlations

		COVID	PROFIT
COVID	Pearson Correlation	1	-.519[**]
	Sig. (2-tailed)		.000
	N	136	136
PROFIT	Pearson Correlation	-.519[**]	1
	Sig. (2-tailed)	.000	
	N	136	136

Source: Extraction from SPSS

The study revealed the existence of a negative and significant relationship between COVID-19 pandemic and profit of MEs in Nigeria with credence to the Mile 3 Ultra-Modern market. This is identified from their negative correlation coefficient of -0.519 alongside a significant P-value of 0.000. The financial and economic implication of the result is that increase in COVID-19 pandemic will negatively affect the profit of MEs in Nigeria with credence to Mile 3 Ultra-Modern Market, Diobu, Port Harcourt, Rivers State to the tune of 0.59 unit. This suggests that as the pandemic spreads, MEs' profit decreases. With the P-value of 0.000, the hypothesis that COVID-19 pandemic does not have any significant effect on the profit of MEs in Nigeria is also rejected.

5.0 Conclusions and Recommendations

This study concludes that there is a significant and negative impact of COVID-19 pandemic on the financial performance of Micro Enterprises(MEs) in Nigeria with credence to MEs in Mile 3 Ultra-Modern Market, Diobu, Port Harcourt, Rivers State.

The paper concludes that with the negative correlation coefficient of -0.237 and P-Val of 0.005, COVID-19 pandemic significantly and negatively affects the revenue of MEs in Nigeria with regards to MEs in Mile 3 Ultra-Modern Market. Revenue is commonly referred to as Sales by these traders in the markets. This study has empirically proven that as the COVID-19 lockdown is extended or increases in the period, the revenue of MEs decreases.

This study also concludes that COVID-19 negatively and significantly affects inventory. This assertion also conforms with the rate of spoilage of most of the goods of those who could not move out their goods during the Lockdown as they were eaten up by rodents, some were expired, others

Ojukwu, Chioma Obianuju, 2021, 6(1):1-17

were destroyed by rain that entered their shops as seen by the researcher when the market was visited after the lockdown.

Finally, the study concludes that COVID-19 significantly and negatively affected the Profit of MEs in Nigeria with credence to MEs in Mile 3 Ultra-Modern Market. This position agrees with the findings of Mohsin *et al* (2020) and the survey by FATE Foundation in conjunction with BudgIT Nigeria (Fate Foundation, 2020).

Hinged on the theoretical framework of crisis management and strategic planning theories used in this study, the researcher, therefore, recommends the following:

To owners of MEs:

a. They should show leadership in running their businesses by adapting to the challenges that the pandemic brought to everybody.
b. They should develop resilience in order to navigate through this pandemic, inspiring themselves and their workers to positive organizational cultures of discipline and innovation and then see possible opportunities to grow their sales turnover, better their inventory management skills and increase their profits despite the pandemic.
c. There is a need to adapt to the emerging technological means through digital marketing to order goods from suppliers with the use of their mobile phones; improving their online visibility for selling their goods to customers through the use of social media platforms, engaging in home delivery services as many people are still afraid of coming out in crowded areas as the pandemic is still not over and there is a fear of the second wave of the virus. These will help in improving their revenue, manage their inventory well and increase profitability.

To Governments: they should offer some palliatives to the MEs by doing the following:

a. Grants should be given to these MEs to help them cushion the effect of the pandemic on their businesses, on their revenue, inventory and profits as many of them have used part of their business capital to feed their children during the lockdown.
b. Soft loans should also be given to the MEs by governments either the States or Federal Government through their agencies with longer moratorium without strict adherence to documentation requirements such as CAC registrations, Tax Clearance Certificates and Audited Accounts which are the common requirements in the collection of any facility from banks and other financial institutions. Rather, documentations based on their data in the markets, permanent home addresses and possession of bank accounts which are already tied to their Bank Verification Numbers(BVN), all these three can suffice as means of identifying the MEs. These will help them to easily source finance. Finance is a core component that will spur growth for businesses in Post-COVID-19 era and will help to manage the economic shocks that the pandemic posed on MEs.
c. Waiver of all levies and taxes for a period of 12 months starting from March 2020 till March 2021 is recommended in this study. This will help in reducing the expenses of running the businesses in other for them to make profits.
d. Subsidies should be given on electricity, fuel, rents and transportation to these MEs. These are critical and essential expenses incurred in running MEs. When these costs are greatly subsidized, it will be a serious catalyst to the growth of these MEs.
e. Considering that most of the MEs are informal in nature and are not properly captured in either the state or federal government database, government can use the opportunity

Ojukwu, Chioma Obianuju, 2021, 6(1):1-17

of this pandemic and the offer of these palliatives to have some formal documentation of these MEs for proper planning and better decision making of governments and her agencies considering the strategic importance MEs play in economic growth and development.

f.   Government should continue to enforce the restriction of street trading so that the markets can return to its bubbling nature as it was before the lockdown so the sales turnover of MEs in the markets can improve as they were witnessing low sales since many customers and traders are now accustomed to buying and selling on the streets occasioned by the lockdown of the markets.

The above recommendations when implemented will help to ameliorate the negative and significant impact of COVID-19 pandemic on financial performance of Micro Enterprises (MEs) in Nigeria.

This study is one of the early attempts to get some insights and establish empirically the impact of COVID-19 on financial performance of MEs, however, it is limited in scope as it got responses from only MEs in Mile 3 Ultra-Modern Market, Diobu, Port Harcourt, Rivers State, Nigeria. The findings from this study will help open up several opportunities to advance future researches on the subject among scholars. Other researchers could investigate the impact of COVID-19 on financial performance of quoted companies in Nigeria among others.

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