Managing Small Businesses in Nigeria during Covid-19 Crisis: Impact and Survival Strategies

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Abstract
COVID-19 has disrupted the economy of the world. The effect of the Pandemic has been devastating on the world's economy. This study examines the impact and survival strategies for Small and medium enterprises (SMEs) in Nigeria during the ongoing COVID-19 crises. The study adopted a quantitative research technique. Questionnaires were distributed to 360 SME owners in Lagos (60 each) in six commercial areas, namely Aspanda/Alaba, Surulere, Lagos Island, Ikeja, Ikoyi/Victoria Island and Yaba. 342 of the 360 questionnaires were viable. The respondents observed that the COVID-19 Pandemic's impact includes a reduction in revenue, reduced staff salaries, and government not doing enough to curtail the spread of the Pandemic. Significant problems faced by SMEs are the inability to repay loans, rent, and salaries. The respondents suggested that the government should lower interest rates, relax loan, and tax repayments.
Keywords: *COVID-19, Pandemics, Nigeria, Small businesses, Government Intervention*

I. Introduction

The Covid-19 Pandemic was one of the events that have the most impact on modern history. It spread to over 216 countries and territories around the world and induced the most economic downturn since the Great depression (World Health Organization, 2020; International Monetary Fund, 2020). Covid-19 was first identified in Wuhan, China, in December 2019 and has caused colossal death and has spread to almost all parts of the world (Akanni and Gabriel, 2020). The first case of Covid-19 was identified in Nigeria on February 27, 2020. According to WHO (2020), as of July 28, 2020, 1 pm (GMT+1), the total number of confirmed cases worldwide was 16,301,736, while there were confirmed deaths of 650, 069 in 216 countries, areas or territories of the world. As of July 28, 2020, the Nigerian Centre for Disease Control (NCDC) reported 41,804 cases, 18,704 discharged patients, and 868 deaths, and the number of tests in Nigeria was 267,842 (in a population of about 200 million people). No company was likely to have prepared for COVID-19, irrespective of business size. Public Health Research has informed business owners to always make for this type of emergency, but in the real sense, only big businesses often have formalized plans (Rebmann, Wang, Swick, Reddick and Delrosano, 2013). The 1918 pandemic killed about 40m people worldwide from the early spring 1918 through to late spring 1919 (Turner and Akinremi, 2020). Economists at Goldman Sachs estimated that the United States is likely to have a gross domestic decline of 3.8% for 2020 due to the virus (Hatzius, Phillips, Mericle, Hill, Struyven, Choi, Briggs, Taylor and Walker, 2020). Igwe (2020) noted that the world economy faces the worst-ever economic recession due to the outbreak of the Covid-19. The global economy is expected to account for economic losses via three transmission channels: supply chain, demand, and the financial market. These channels will negatively impact businesses, household consumption, and international trade. Covid-19 Pandemic has put pressure on policymakers and supervisory institutions across the globe, sparking off several mitigating initiatives by Government agencies to combat the potential negative social-economic impacts on households and businesses (KPMG, 2020). A pandemic impacts both supply and demand (Swift 2009). The Covid-19 Pandemic, most negative, will impact all companies, some positively. The Pandemic is still ongoing; therefore, it is not easy to estimate its long-term economic, behavioural, or societal consequences as this aspect has not been done with past Pandemic (Donthum, and Gustafsson, 2020). The COVID-19 outbreak is likely to cause bankruptcy for many well-known brands in many industries as consumers stay at home, and economies are shutdown (Tucker, 2020). The impact of Covid-19 on the global economy is likely to be unprecedented since the 1930s Great Depression (Euronews, 2020). The short term impact of Covid-19 is immediately and effortlessly felt, due to the widespread lockdown and social distancing measures globally (He and Harris, 2020).

SMEs play a vital part in social inclusion, innovation in rural areas, and local employment (Auzzir et al., 2018). SMEs suffer most in times of crisis and are the least prepared for all organizations. SMEs also lack business continuity plans. Having a strong business continuity plans may help minimize any negative impact on business during a pandemic (Turner and Akinremi, 2020). Covid19 has created severe challenges for SMEs all

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over the world. The adverse effects include interruptions of supply chains, cash flow problems, weaker demand for imported goods and services, inability to meet delivery dates, and increased risk aversion in financial markets. (OECD, 2020). SMEs are vital to the smooth functioning of any economy by ensuring that goods are delivered during and after public emergencies (Burton, Confield, Gasner, and Weisfuse, 2011). The Nigerian economy has experienced devastating effects as a result of Covid-19; this includes, a sharp decline in oil prices, borrowers inability to service loans, disruption of the global supply chain, drop in revenue and also the pullout of investors fund from the Nigerian stock market (Ozili, 2020).

Lagos is a state situated in southwest Nigeria of all the 36 states in Nigeria, Lagos state has the highest population of more than 20M (Idowu, 2020). If Lagos state were to be a country in Africa, it would be the 5th largest economy in Africa. Lagos is tagged as the economic capital of Nigeria (Idowu, 2020). As of July 28, 2020, Lagos state has a total of 14,848 cases out of 41,804 cases in Nigeria. (NCDC). This is about 36% of the number of cases in Nigeria.

Problem Statement

The Covid-19 Pandemic affected the global economy in two ways: one the spread of the virus encouraged social distancing which led to the shutdown of financial markets, corporate offices, business and events, two, the rate at which the virus was spreading and the heightened uncertainty about how bad the situation could get led to a flight to safety in consumption and investment among consumers and investors (Ozili and Arun, 2020). The travel restriction imposed on people's movement in many countries led to massive losses for businesses in the events industry, aviation industry entertainment industry, hospitality industry, and the sports industry. The combined loss globally was estimated to be over $4 trillion (Ozili, 2020).

Some SMEs cannot survive beyond one month because of cashflow issues (Farrel and Wheat, 2016). Thus SMEs are at high risk for permanent closure after large–scale disasters partially because they cannot pay for their expenses while being shut down (Schrank, Marshall, Hall-Phillips, Wiatt, and   Jones, 2013). The coronavirus (Covid19) pandemic has created major disruptions in the economy and the lives of businesses worldwide, whether or not they can continue their operations. These disruptions create a wide range of impacts on companies, and many of them are struggling financially (OECD, 2020). The overall direct initial hit to the level of GDP is typically between 20-50% in many major advanced economies (OECD, 2020). Many companies have had to lay off staff, while others had to reduce their working hours (Edgecliffe-Johnson, 2020). The Pandemic has led to severe global socio-economic disruption, the postponement or cancellation of sporting, religious, political, and cultural events, and widespread shortages of supplies (Turner and Akinremi, 2020). In China, a fall in consumption combines with interruptions to production has disrupted global supply chains affecting firms across the world (Fernades, 2020). The Covid-19 pandemic outbreak has made a lot of business shut down, leading to a monumental disruption of trade and commerce in many industrial sectors. Retailers and brands face many short term challenges relating to workforce, health and safety, cash flow, supply chain, consumer demand, sales, and marketing. A lot of markets, especially in hospitality and tourism, no longer exist, whereas online shopping, online communication, and online entertainment, have witnessed unprecedented growth (Donthum, and Gustafsson, 2020).

Furthermore, there has been an increase in social media usage and the internet during the lockdown ((Donthum and Gustafsson, 2020). This is a result of loneliness associated with lockdown as people even prefer social media over physical interaction (Newland, Necka, Cacippo, 2018). Larger firms may be able to survive shocks more than the SMEs because large firms have significant financial resources more than the SMEs (Verbano and Venturi, 2013).

Environmental jolt or risk of an extreme event (Neyer,1982) exposes an SME to higher levels of strategic uncertainty, which impacts upon its everyday activities and may, in some cases, threaten its survival (Sullivan-Taylor and   Branicki, 2011). Like many countries across the world are facing unprecedented challenges as a result of the Covid19 Pandemic (UNDP,2020). Nigeria and her people are no exception. Like Albert Einstein famously proclaimed: "Amid every crisis lies great opportunity" for managers, the Covid-19 crisis creates an opportunity to foster transiliency and thus better cope with the next Pandemic (Craighead, Ketchen, and Darby, 2020).

Objectives of the Study

This study's main objectives are to identify the impact of COVID-19 on SMEs, assessment of government efforts, and strategies that SMEs can adopt to manage the effect of COVID-19 on their businesses.

II. Literature Review

Theoretical Framework

Craighead, Ketchen, and Darby (2020) come up with theories that can assist managers and scholars in having a fresh look at understanding supply chain phenomena to help supply chain managers better prepare for

the Next Pandemic. The theories discussed include real options theory, events systems theory, resource dependency theory, prospect theory, tournament theory, institutional theory, structural inertia, resources or orchestrated theory, game theory, and institutional theory. The two discussed in this article are prospect theory and game theory.

Prospect theory

Prospect theory is based on decision making during uncertainty (Tversky and Khneman, 1986). This makes this theory suitable for situations like pandemics. Actors' decisions are premised on how a problem is framed. It is better to describe a situation in positive terms than negative terms, which will make riskier choices (Craighead, and Ketchen, Darby, 2020). Sensational or inflammatory coverage of Covid-19 news by the media increases negativity and potential risks. Though in some countries, the press plays down potential risks (Radu, 2020). Prospect theory helps to predict how a manager will react under a pandemic situation.

Game theory

The objective of Games theory is to predict, using a set of rules the way actors will react while interacting with themselves (VonNeumann and Morgestern, 1944). Games theory assumes selfish choices are made during one-time interaction. In contrast, repeated interactions among actors will lead to cooperation, knowing fully well that selfish act will lead to future retaliation (Bo, 2005). Games theory has been applied to the adoption of new technology (Zhu and Weyant, 2003), decisions on distribution channels (Xia, Xiao, and Zhnag, 2017) and production quantities and optimal pricing (Cao and Fang, 2013). Based on the assumptions of Game theory, firms with the objectives of competing are likely to cooperate during Pandemic because of the implication of the high cost of defection (Craighead Ketchen and Darby, 2020).

The Importance of SMEs

SMEs are the major drivers in developing an economy by generating employment opportunities all over the world (Elimam, 2017). The role of SMEs in any national economy cannot be overemphasized (Muritala, Awolaja, and Bako, 2015). SMEs are important to the development of the local economy, especially in job creation, economic growth, and poverty alleviation. SMEs drive the economic development of a county (Obi, Ididunmi, Tolulope, Olokundun, Amaihian, Borishade and Fred, 2018). SMEs are considered the backbone of any economy (Yoshino and Taghizadeh-Hesary, 2019), SMEs contribute immensely to the growth of a country's GDP, generation of employment and improvement in the standard of living (Abudul, 2018). According to Ifekwem and Adedamola (2016), SMEs contribute the following to the Nigerian economy: mobilization of local resources, employment opportunities, equitable distribution of income, services of raw material, mitigation of rural-urban drift, generation and conservation of foreign exchange, and distribution of industries. Despite the multiple challenges confronting SMEs, they contribute immensely to the economic development of Nigeria. Micro, Small, and Medium Enterprises (MSMEs) are engines of social, economic transformation globally. SMEs contributed 49.78percent to Nigeria's Gross domestic product (GDP) in 2017, and the sector had 41,543,028 businesses in 2017. According to the MSMEs report (2017), MSMEs have contributed seriously to the creation of wealth and the improved socio-economic conditions of Nigeria's citizens. Lagos state has the highest number of MSMEs in Nigeria. MSME sector employed 59,647,954 persons, including owners, as of December 2017.

The Effect of the COVID-19 on SMEs

The few studies show that the last millennium's major historical pandemics have typically been associated with subsequent low returns as assets (Jorda, Singh and Taylor, 2020). SMEs have a lack of financial resources as the biggest challenge to short and long term recovery in the Covid19 situation (Cumbie, 2017). Bartik, Bertrand, Cullen, Gbeser, Luca, and Stanton (2020), conducted a survey of more than 580 SMEs, between March 28 and April 4, 2020. The result revealed that there were mass layoffs, closure of business, different beliefs about the likely duration of the COVID related disruptions, many businesses are financially on the brink, and most businesses planned to seek funding. COVID 19 has caused a significant economic shock (Seth, Ganaie, and Zafar 2020). Drop-in oil prices, Naira under severe pressure to Dollar current official rate, rising inflation, significant job losses. In March 2020, the ILO estimated that the impact of COVID-19 would result in a rise in global unemployment of between 5.3m (low scenario) and 24.7m (high scenario) ILO, 2020). Another impact of COVID-19 is the continuous protection of workers' health and safety and reducing workers' exposure to COVID-19 in the workplace. (KPMG, 2020). A characteristic of the Pandemic has been the switch from face to face to digital connection for schooling, higher education, business meetings, health consultations, shopping, and cultural events (Phillipson et al., 2020).)

The consequence of Covid-19 on the economy and financial markets in Nigeria: economic lockdown of major cities (Abuja, Lagos, and Ogun State) on March 30, 2020, leading to economic loss especially for daily

income earners from small-medium scale businesses, withdrawal of money by investors from the stock exchange market and fall in oil prices (Ozili, 2020). Some of the impacts of the Covid-19 include disruption of business cashflow, missing important compliance deadlines, employees working from home, an employee working outside their country because of the travel ban, restriction for directors to attend board meetings as a result of the travel ban, disruptions in supply chains (KPMG, 2020). The lockdown of the major cities in Nigeria and the current foreign exchange devaluation due to a drop in crude oil prices arising from the Covid-19 Pandemic has impacted all sectors in Nigeria.

Measures taken by the Nigerian government and agencies to assist companies

Governments of various nations have responded to the Pandemic, by lockdowns, shutdowns of economic activities, giving out what is termed palliatives in many countries to workers and companies (OECD, 2020). Due to the rapid spread of the virus, governments worldwide have taken unprecedented measures to contain the rate of spread. The measures that include travel restrictions, total country lockdown, and curfew have caused disruption in various forms around the world (KPMG, 2020). The discovery of the coronavirus and the spread has led many governments to take drastic measures. The lockdown of large parts of society and economic life has come as an exogenous shock to many businesses, not least innovative startups (Kuckertz, 2020). The lockdown measures as a response to the spread of the new coronavirus threaten the existence of many innovative startups (Kuckertz, 2020). In the United Kingdom, the government instituted various schemes that will help various business groups. This includes Business interruption loan scheme, Job retention scheme, business rate holidays, small business grant fund, deferral of VAT and business tax payments, deferral of self-assessment payments, retail, and hospitality grant scheme. However, there are some exceptions (Rouse, Hart, Prashar, and Kumar, 2020). Policymakers and supervisory parastatal worldwide have put a lot of palliative measures that can reduce the negative effect of the impact of COVID-19 Pandemic on businesses and households(KPMG, 2020).

Like many other countries of the world, Nigeria has put up palliative measures to ensure the stability of its economy. These measures include:
The Central bank of Nigeria (CBN) on March 16, 2020, announced some palliative measures to ensure the stability of the economy;

- Reduction of interest rate on all CBN intervention loans from 9% to 5% per annum.
- Extension of Moratorium period on all principal repayment on CBN facilities by one year, effective from March 1, 2020.
- N50b ($129.5m) credit facility through Nigeria Incentive-Based Risk Sharing for Agricultural lending (Nistral) Microfinance bank for household SMEs has gone through an adverse effect of Pandemic.
- Consideration of a temporary and time-limited restructuring of the tenure and loan terms for households and business by Deposit money banks (DMRs).
- Extension of ₦100billion credit support pharmaceutical firms that intend to expand or start drug manufacturing plans in Nigeria and healthcare practitioners who plan to build or expand first-class health facilities.

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

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

Survival strategies for SMEs during and after covid-19 in Nigeria

SMEs need to consider digitalization. This is part of the new normal; Digital marketing through social media is like marketing products and services without a boarder. SMEs need to examine their expense lines to cut costs. This can involve cutting down on rent by taking smaller office space, sharing office space, staff reduction, and investing in solar energy instead of using generators. SMEs can also consider their staff working on alternative days, working from home, usage of contract staff, leave for idle staff, temporary pay cuts, revision of variable pay schemes, staff rotation, salary restructuring, hazard pay for frontline staff that cannot work from home (KPMG, 2020). SME owners need to motivate and galvanize their staff to achieve the maximum possible. SME owners need to think outside the box and come up with innovations that can elevate their business; also, it is an opportunity for owners and staff of SMEs to educate themselves. Concerning their areas of business, there are a lot of Webinars that relate to various sectors of the economy during this period. SME owners can also collaborate in the areas of information technology, research, and development. SME owners can become hybrid entrepreneurs by investing in order forms of business to boost their income. Business owners can take advantage of various government initiatives, like loans rescheduling, various palliative measures, and loans at low-interest rates made available by the government, e.g., N50b loan packages made available to individuals and SMEs.

III. Methodology

Questionnaires designed to understand the impact of COVID19 on small businesses in Nigeria were distributed amongst Small and Medium Enterprises (SMEs) across six business locations in Lagos State, Nigeria. These locations include Ikeja, Lagos Island, Lekki/Ikoyi, Ojo/Alaba, Surulere, and Yaba/Ojuelegba. Three hundred and sixty (360) questionnaires were distributed. The data were collected between first and second week of July 2020; however, only 342 viable questionnaires were analysed. The questionnaire was formulated using a Likert scale ranging from Strongly Agree (5) to Strongly Disagree (1).

TABLE 1: CHARACTERISTICS OF THE SMEs

CHARACTERISTICS	FREQUENCY	PERCENTAGE
INDUSTRY		
AGRICULTURE	5	1.46%
BEAUTY	22	6.43%
BUSINESS CENTRE	5	1.46%
BOOKSHOP/STATIONERY	9	2.63%
BRANDING	7	2.05%
CARPENTRY	4	1.17%
INTERIOR DÉCOR	4	1.17%
DRY CLEANING	8	2.34%
EDUCATION	3	0.88%
ENGINEERING	14	4.09%
FASHION	47	13.74%
FINANCE	11	3.22%
FOOD and BEVERAGE	37	10.82%
HEALTHCARE	4	1.17%
ICT	21	6.14%
MANUFACTURING	14	4.09%
OIL and GAS	3	0.88%
PERFUMERY	4	1.17%

PHARMACY	11	3.22%
PHOTOGRAPHY	4	1.17%
RETAIL	88	25.73%
TRAVEL and TOURS	3	0.88%
OTHERS	14	4.09%

CHARACTERISTICS	FREQUENCY	PERCENTAGE
NO OF DISTINCT PRODUCTS		
1 – 5	183	53.51%
6 – 10	47	13.74%
>10	51	14.91%
NR	61	17.84%
NO OF EMPLOYEES		
0 – 3	179	52.34%
4 – 7	95	27.78%
8 – 10	21	6.14%
>10	29	8.48%
NR	18	5.26%
LEGAL STATUS		
BUSINESS NAME	195	57.02%
LIMITED	105	30.70%
NR	42	12.28%
LOCATION		
IKEJA	56	16.37%
LAGOS ISLAND	53	15.50%
LEKKI/IKOYI	56	16.37%
OJO/ALABA	59	17.25%
SURULERE	60	17.54%
YABA/OJUELEGBA	58	16.96%
TOTAL	342	100.00%

The table above shows the characteristics of the small businesses interviewed. The industries they operated in cut across various sectors. The Retail industry was most featured with a percentage of 25.73%, followed by Fashion (13.74%), Food and Beverage (10.82%), Beauty (6.43%), Information Communication Technology (ICT) (6.14%), Engineering (4.09%), Finance (3.22%), Pharmaceutical (3.22%), Bookshop and Stationery (2.63%), Dry Cleaning (2.34%), Branding (2.05%), Agriculture (1.46%), Business Centre (1.46%), Carpentry (1.17%), Interior Decor (1.17%), Healthcare (1.17%), Perfumery (1.17%), Photography (1.17%), Education (0.88%), Oil and Gas (0.88%), Travel and Tours (0.88%) and others (4.09%).

The majority (53.51%) of the SMEs had one to five distinct products, 13.74% had six to ten products, while 14.91% had more than ten distinct products. Most (52.34%) of the SMEs also had zero to three employees, 27.78% had four to seven employees, 6.14% had eight to ten employees, and 8.48% had more than ten employees.

The majority of the businesses were registered as business names (57.02%), while 30.70% were registered as limited liability companies. Although the population was fairly distributed across the six locations, Surulere had the highest number of respondents at 17.54%, followed by Ojo/Alaba (17.25%), Yaba/Ojuelegba (16.96%), Ikeja(16.37%), Lekki/Ikoyi (16.37%) and Lagos Island (15.50%).

TABLE 2: STATEMENTS ON THE IMPACT OF COVID19

S/N	STATEMENT	MEAN	STANDARD DEVIATION
1	Has your company experienced a reduction in sales/work activity/contracts due to the coronavirus outbreak?	4.53	0.69
2	Has your company reduced the number of staff?	3.06	1.45
3	Were you paying staff salaries in full during the lockdown?	2.25	0.83
4	Do you plan to recall your sacked staff if business improves?	3.53	0.91
5	Do you expect to continue in your line of business over the next year?	4.21	0.87
6	Will you diversify into another business?	3.27	1.25
7	Do you plan to change the way you run your business? e.g., make use of electronic/digital strategies, working from home permanently, etc	2.62	1.19
8	Will you close your business as a result of the coronavirus?	2.39	1.31
9	Did you agree with the government on lockdown and restriction of interstate movement?	2.61	1.24
10	Are you aware of Government loan opportunities?	3.38	1.1
11	Will you access the loan opportunities provided by the government?	3.95	1.09
12	Do you think the government has done enough to curtail COVID19?	2.22	1.03

The respondents were asked to rank their level of agreement to statements on the impact of COVID19 on their businesses. Results from analysis of their responses showed means ranging from 2.22 to 4.53 with standard deviation from 0.69 to 1.45.

The statement "Has your company experienced a reduction in sales/work activity/contracts due to the coronavirus outbreak?" had the highest mean (4.53) followed by "Do you expect to continue in your line of business over the next one year?" (4.21) and "Will you access the loan opportunities provided by the government?" (3.95).

There were up to five statements with negative means, the least being, "Do you think the government has done enough to curtail COVID19?" (2.22), followed by "Were you paying staff salaries in full during the lockdown?" (2.25) and "Will you close your business as a result of the coronavirus?" (2.39). The other two statements with negative means were: "Did you agree with the government on lockdown and restriction of interstate movement?" (2.61) and "Do you plan to change the way you run your business? e.g., make use of electronic/digital strategies, working from home permanently, etc." (2.62).

TABLE 3: SMEs' PREFERENCES ON GOVERNMENT ASSISTANCE
(In Descending Order of Preference)

S/N	ASSISTANCE	MEAN
1	Loan on low-interest rates	2.91
2	Relaxation of loan payment	3.51

3	Relaxation of taxation payment	3.69
4	Grants	3.74
5	Reduction on custom and tariffs	4.01
6	Support in meeting operational expenses	4.17
7	Infrastructural Support	4.51
8	Amendments in regulations/simplification proceed	4.57

The respondents were asked to rank their preference levels regarding the kind of assistant they would like to get from the government to alleviate the impact of COVID19 on their businesses. The ranking was from one (1) to eight (8), with one being the most preferred and eight being the least preferred. The above table shows the mean of their rankings in descending order with the most preferred assistance being "Loan on low-interest rates" (2.91) followed by "Relaxation of loan payment" (3.51) and "Relaxation of taxation payment" (3.69). The least preferred assistance on the average was "Amendments in regulations/simplification proceed."

TABLE 4: MOST SIGNIFICANT FINANCIAL PROBLEMS OF SMES DURING THE COVID19 OUTBREAK

S/N	FINANCIAL PROBLEM	FREQUENCY*	PERCENTAGE*
1	Rent	157	45.91%
2	Loan repayment	236	69.01%
3	Salaries and wages	198	57.89%
4	Payment of invoices	35	10.23%
5	Others	Low sales The high cost of transportation due to poor road network Running cost	

*Respondents could select multiple questions; hence frequencies and percentages are based on counts.

The respondents were asked to select the areas where they had the most significant financial challenges. Loan repayment (69.01%) occurred most frequently amongst the respondents' choices, followed by Salaries and wages (57.89%), Rent (45.91%), and Payment of invoices (10.23%). Other areas highlighted by the respondents were low sales, transportation costs due to the poor road network and business running cost.

TABLE 5: COVID19 NEGATIVE IMPACT SCORE

SCORE	NEGATIVE IMPACT RANK	FREQUENCY	PERCENTAGE
1 - 5	Minimal	4	1.17%
6 - 10	Average	187	54.68%
11 - 15	High	151	44.15%
Overall Negative Impact Score		**9.95**	

To determine if COVID19 affected the small businesses negatively, statements reflecting the negative impact of the outbreak were scored. The statements scored were: "Has your company experienced a reduction in sales/work activity/contracts due to the coronavirus outbreak?" "Has your company reduced the number of staff" and "Will you close your business as a result of the coronavirus?" Scoring from one (1) to fifteen (15), analysis

shows that the majority of the businesses (54.68%) were averagely impacted negatively, followed by 44.15% that suffered high negative impact; only 1.17% experienced the minimal impact of COVID19 on their businesses. The overall negative impact score was 9.95, which was ranked as average.

TABLE 6: CORRELATION ANALYSIS OF SME CHARACTERISTICS AND NEGATIVE IMPACT SCORE

VARIABLE	PEARSON CORRELATION COEFFICIENT
Industry	-0.05
Legal Status	0.19
Location	0.42
Number of Employees	0.3

Correlation analysis was carried out to check the presence of correlation between the industry in which the SMEs operated their legal status, location, number of employees, and their COVID19 impact score. The results show a weak correlation between the aforementioned variables and the negative impact of COVID19 on small businesses. Although still weak, the location was the variable with the strongest correlation coefficient.

IV. Discussion/Conclusion

One of the most common concerns concerning the COVID19 Pandemic is its impact on the economy. The results of this study reflect the impact of the Pandemic on small businesses in Lagos, Nigeria. The population was well distributed across six market locations in Lagos, known for its high-level business profile. The businesses also cut across a wide range of industries, thus helping to see the general picture of the impact of the outbreak. The difference between the frequencies of business names and limited liability companies showed the preference for sole proprietorship amongst small businesses.

Reduction in revenue as a result of the Pandemic was the most agreed upon a statement by the SMEs, thus reflecting a generally negative impact of COVID19 on revenue. Results also show that many businesses were not paying their staff full salaries during the lockdown. However, the results reflect a general resilience amongst the SMEs. They mostly agreed to continue in their line of business and mostly disagreed with closing their business as a result of the Pandemic.

The respondents generally disagreed with the government's lockdown and restriction measures, and most of them were not likely to change how their business runs because of the Pandemic. They also majorly agreed that the government was not doing enough to curtail the COVID19 outbreak.

Low-interest loans, relaxation of the loan payment, and relaxation of taxation payment were the most preferred choice of assistance the respondents would want to get from the government to alleviate the impact of the Pandemic on their businesses.

The most significant financial problems the SMEs faced during the COVID19 outbreak were loan repayment, payment of salaries/wages, and rent.

External factors such as industry, location, number of employees, and legal status were not seen to affect the way COVID19 impacted the SMEs.

In conclusion, the study shows that COVID19 Pandemic generally impacted small businesses negatively.

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