

**THEMATIC ANALYSIS ON CHALLENGES OF SMES AND GROWTH  
OPPORTUNITIES TOWARDS POST COVID-19 ECONOMIC RECOVERY IN  
NIGERIA (A CASE STUDY OF WOMEN-OWNED ENTERPRISES)**

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**Abstract**

*The aim of this study is to investigate the challenges of pandemic on selected small and medium enterprises in Nigeria, with a view to ascertaining the need to making tremendous effort in addressing the economic impact of COVID-19. The primary objective of this paper is to explicitly make a shift by building a comprehensive theoretical basis for the impact of COVID-19 on SMEs in order to shift forward for post-COVID-19 economy recovery in the country. This study used thematic analysis by considering a women-owned enterprise in sub-sector of SMEs to gather vital information to exploring available materials and literatures in this regard. The findings of this paper indicated that, leaders of SMEs are worried about negative impact of COVID-19 on small and medium enterprises (SMEs). Also, study specifically found that, the financial implication of COVID-19 is a subset of the pay-cuts devised to ensure non-furloughed staff was paid salaries to reduce job losses in the country. Hence, this paper concluded that appropriate measures should be provided especially by giving loan support to SMEs in expanding and strengthening the existing and new business opportunities as response to the impact of post-COVID-19 economy recovery in the country. It is therefore recommended that the collaboration between SMEs leaders and the government have vital roles to play especially through the activities of Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) in providing platform for inclusion of digitization into SMEs or business operation in the country.*

**Keywords:** *COVID-19, Post-Covid-19, economic recovery, digitalization, SMEs, SMEDAN*

**Introduction**

The issue of pandemic cases caused a lot of problems to every arms' of economic activities which hindered the development of the nation in term of economic, social, political and education sector both at international and home affairs i.e Nigeria. COVID-19 period is a period in which most of enterprise shut down their business activities which in turn leads to negative effects to the economic decadences such as low productivity, lower revenue generation and high rate of death. During this period, operational activities of most small enterprise were at lower rate which seriously affect their profitability and poor standard of living. However, COVID-19 pandemic resulted to lockdown in main political and commercial capitals of the country in Lagos, Ogun, Abuja and in extension to other part of the state in Nigeria. The case of Corona virus is a case which causes greater default to phase of every aspect of country's economy. On this note, series of effort have been made to curb the economic challenge and prospect of SMEs caused by COVID-19 in the states. It is not deniable to posit that, there are many other disruptions caused by COVID-19 especially for

public and private sectors where there are closures of business activities (Odinaka & Josephine, 2020).

Coronavirus has significantly affected global economy in general and Nigerian economy in particular. The negative impact of COVID-19 manifests on the economic and business activities in the country. Undoubtedly, the health impact of the COVID-19 is an integral part of economic implication of COVID-19 because it is really devastating for trade and business transactions. More so, it should be reiterated that, the COVID-19 pandemic has affected small and medium enterprises (SMEs) as a result of the lockdown and shutdown of business transactions in the country.

Nonetheless, there is a gap in the existing literature in examining the impact of coronavirus on the Nigerian Small and Medium Enterprises (SMEs) especially towards the strengthening of post-COVID-19 economy recovery. Hence, it is paramount to have measures that will address the effects of COVID-19. This paper therefore investigates an overview of coronavirus (COVID-19), Nigerian Small and Medium Enterprises (SMEs) and impact of coronavirus (COVID-19) on Nigerian small and medium enterprises (SMEs), strategies for post-COVID-19 economic recovery are explained. The implications of the paper are highlighted. Conclusion and suggestions are made for improvement of SMEs in order to face the reality of post COVID-19 economy recovery in order to help the potential investors to take relevant decisions in investment plans.

The pandemic's effects on the global financial markets could make it more difficult for SMEs to secure the credit that they may need in order to restore the liquidity that was lost due, further compounding the harm. Generally, SMEs have fewer cash reserves than larger enterprises. In Nigeria, less than 50% of SMEs have enough cash on hand to cover 15 days of expenses with no revenue being received during that period, with "healthy" SMEs being those having less than two months of reserves to cover expenses. The reduction of revenue due to decreased demand, coupled with tight credit markets, could make many SMEs insolvent quickly. Noting the numerous ways in which SMEs have been negatively impacted by the pandemic, this paper has had to grapple with the question of what can be done on the part of government to mitigate the effects that the pandemic has had on SMEs in Nigeria?

### **Scope and Limitation of the Study**

The limitation of this paper is that, it is still a theoretical in nature which needs further empirical investigation in order to establish a better understanding of the framework for SMEs performance as part of strategy for rejuvenating post-COVID-19 economic recovery in the country. Nonetheless, in overall, this study has provided a basis for data in scope for building on the conceptual framework of this research in order to further explore the SMEs performance as an important aspect of economy in the country. If the conceptual framework can be empirically investigated, it will enable the government and leaders of SMEs to provide measures for addressing multifarious issues emerging from COVID-19 in the country.

### **Conceptual Framework**

This section explicates on coronavirus or otherwise known as COVID-19 which started in Wuhan in China in the late 2019. The pandemic of COVID-19 has been affecting all spheres of human endeavour in the recent time. As the coronavirus affects public health services at

global level, it also does to global economies. The pandemic of COVID-19 is worrisome because it is inevitable in leading to the global economic recession. World Health Organization (2020) noted that, the victim of COVID-19 will surely experience respiratory illness and older people and more importantly, people with medical or health problems such as diabetes, cancer respiratory disease among others are likely to be infected with COVID-19. It is reiterated that COVID-19 can spread easily through the nose or mucus discharge and droplets of saliva especially through sneezes and coughs (World Health Organization, 2020). Nonetheless, the most common symptoms of the disease are fever, dry cough and tiredness. The severe symptoms are chest pain, loss of speech and difficult breathing. Globally, many lives have been taken as a result of the prevalence of coronavirus. Hence, it is important to adhere to preventive measures especially by washing hands, using sanitizers etc. as directed by the health workers (World Health Organization, 2020). Currently, there is no actual treatment and or vaccine to be taken by someone infected with the virus. Nonetheless, there are several efforts at the international level especially China, US, UK, Japan, Canada, Germany, France and in some part of African countries including Nigeria pertaining to trial vaccines for treatment of COVID-19.

Nonetheless, the foregoing explanation shows the trends of COVID-19 and it has economic implications in different countries. Reports given by UN analysts show that \$80 trillion economy of the world will tremendously decline by \$ 1 trillion to \$2 trillion. This scenario of the global level will surely affect the economy of Nigeria especially the cases of coronavirus in the country plus direct business contact of the country with China. At the international level, it has caused a lot of disruptions to social and economic activities of citizens. For instance, the United States of America has initially budgeted \$350 billion as relief fund for sustaining small businesses in the country. However, recently in Nigeria, the country is seeking for additional amount of \$250 billion in order to provide loans for the citizens to be able to cater for the economic sector (Odinaka & Josephine, 2020). With the global trend of COVID-19 which undoubtedly affects various facets of human endeavours, it therefore needs to be addressed especially by looking inwardly in exploring how to strengthen Small and Medium Enterprises (SMEs) in the country as literature advocates (Odinaka & Jesephine, 2020).

The prime motivating factor of the study is to explore the impact of COVID-19 on small and medium enterprises (SMEs) and strategize for post-COVID-19 economic recovery in Nigeria. The conceptual framework for the performance of SMEs is significant especially as a result of lack of clear framework for exploring the impact of COVID-19 on SMEs in making the economy thrive in the country. It is not arguable to posit that, COVID-19 has drastically contributed to the decline in utilizing SMEs as an important yardstick in reducing the high rate of unemployment and job creation (Ayyagari et al., 2011).

### **Empirical Review**

Due to the fact that COVID-19 is novel, literatures regarding its impact on other economic variables are ongoing globally. As a result of this, an effort was made here to present a panoramic review of recent studies regarding this novel virus. Aderemi *etal* (2020) submitted that COVID-19 spread to Africa as by-product of globalization while examining the nexus between globalization and Covid-19 pandemic vis-vis Africa and China. Collins (2020) examined the impact of COVID-19 pandemic on stock market value of China, Europe and

USA with an application of differential analysis. The authors submitted that the COVID-19 pandemic exacted different impacts in the stock markets the regions under study.

Ganale and Zafar (2020) appraised effects of Coronavirus (COVID-19) on Small and Medium Enterprises (SMEs) in Pakistan. The authors reported that COVID-19 caused reduction in operations, disruption in supply chain and financial crisis of majority of the selected SMEs in the country. Whereas, COVID-19 caused loss in exports order and laid off of workers in minority of the SMEs in the country. Similarly, Chen et al. (2018) investigated how severe acute respiratory syndrome (SARS) epidemic affected the linkage that existed between four Asian stock exchange markets and China. It was discovered from the study that a reduction in relationship between Chinese stock market and four Asian markets was fueled by SARS epidemic. Meanwhile, Chen, Jang and Kim (2007) analyzed the relationship between SARS epidemic and hotel industry in Taiwan.

Building on the global report, which provided an overview of the SMEs in 14 countries' food systems and their experiences since the onset of the pandemic, four separate country reports were carried out to provide a more in-depth and detailed picture of SME experiences in Nigeria, Kenya, Mozambique, and Rwanda. An average of 46 responses was received in Kenya, Mozambique and Rwanda, and 71 responses were received from Nigeria. Most responses were from micro- or small-sized firms; respondents were primarily firms in the processing and distribution sectors and grains, vegetables, and fruit value chains. About 30% were from women-owned businesses. The surveys' key findings included:

- Between 98–100% of responding SMEs in the food system in the four countries reported being impacted by the pandemic, mainly via decreased sales, difficulty paying staff, difficulty accessing inputs, and difficulty accessing financing;
- For most firms, impacts had lessened over time; about 49% and 80% of firms in Nigeria and Kenya, respectively, reported that business operations had improved since the onset of the pandemic while 22% and 35% of firms in Mozambique and Rwanda, respectively, reported that business was essentially 'back to normal';
- In Nigeria, Kenya, Mozambique, and Rwanda, 83%, 58%, 73% and 78% of firms reported decreased sales as a result of the pandemic, respectively; 96%, 78%, 85% and 89% had changed their production volume (generally decreasing it);
- Future impacts on the supply chain were anticipated by 85%, 82%, 59% and 83% of respondents, in Nigeria, Rwanda, Kenya, and Mozambique, respectively, including shortages of supplies and transportation and distribution disruptions;
- Only 21%, 29%, 20% and 11% of firms had received support, in Nigeria and Rwanda, Kenya, and Mozambique respectively. However, 96%, 93%, 93% and 96% of firms in these four countries reported urgently needing financial support to cope with the effects of the pandemic; while overall impacts and support needs were similar across women-owned and male-owned/co-owned firms; there were some differences in firm characteristics and in specific needs for assistance. These differences should be taken into account when designing future interventions.

### **Thematic Analysis of Respondent's Experience in Adapting to COVID challenges for Nigerian SMEs**

One such SME, which responded to questions about how its operations were impacted by the pandemic, was Soupah Limited in Nigeria, whose founder Ifeoluwa Omotayo faced a number

of challenges in the wake of COVID. Unfortunately, Soupah Limited, a technology-driven social enterprise which sells fortified soup spices, experienced significant hardships as their products were not amongst the produce most consumers wanted to stock up on at the time and, consequently, sales plummeted. Similarly, the lockdown led to low supply of perishables which culminated in higher prices. The excerpts from the interview of the manager were as follow:

*“In March and April 2020, the business experienced a 34% loss, which increased to a 53% loss in the subsequent two months. Thus, Ifeoluwa furloughed some staff and ran a skeletal operation; just enough to ensure non-furloughed staff were paid salaries, although these came with significant pay cuts.”*

**Is the development and implementation of new products and technology has been a key to Soupah Limited’s survival?**

The response of the manager was;

*“We noticed that while the processed spices were not selling, fresh fruit and vegetables were in much higher demand, so in April 2020 we started delivering fresh products like tomatoes and peppers at affordable prices to customers in need, explains Ifeoluwa.*

Additional clam by the manager was that;

*Beyond that, Ifeoluwa saw the need to better connect to customers to drive sales, which she achieved through the procurement of USSD codes. These codes, which are shortcodes widely used in developing countries to initiate different transactions have helped connect to customers who lack conventional internet access. The customers can now access Soupah Limited via USSD and get their products delivered to their doorstep anywhere within Nigeria.*

**Is there any change in customer’s patronage through technology driven?**

*“So far, we have seen positive changes. We are receiving an average of 25 orders each day, via USSD,” Ifeoluwa enthuses.*

**Please give your overview and general opinion on the challenges and opportunities growth of SMEs in Post-Covid 19 recovery?**

*“While the lockdown may be over, many SMEs are still overcoming pandemic-related challenges. Following these surveys, and their results, the next steps have become clear if governments and development partners are to support SMEs in recovering from the shock of the COVID-19 pandemic. These include; communicating clearly on any future pandemic mitigation actions to be taken in a timely way, so that firms can be prepared and adapt, and providing technical assistance to help SMEs adapt business models, reach consumers online, or adopt processing or packaging to extend products’ storage or shelf life. Also important is to partner with local financial service providers to ensure that firms can build back better by providing a comprehensive package of financial support for SMEs, including short-term low-interest bridge loans to meet immediate needs and adapt businesses in the longer term.*

As the pandemic continues and comes to an end, it will be important to mitigate the impacts uncovered in this survey and facilitate these opportunities in order to support the SMEs for stronger, more resilient, businesses over time”

### **Strategies for Post- COVID-19 Economic Recovery in Nigeria**

Undeniably, COVID-19 has caused uncertainties in all spheres of human endeavours. Hence, there has been concerted effort in facing the current reality in the world in general and Nigeria in particular. Many countries worldwide have been responsive and supportive to the citizens in the time of difficulties. The current COVID-19 pandemic is the period at which citizens need attention and support of the government (Ryder, 2020). Undoubtedly, the intervention of the government is very significant especially by concretizing it into short- and long-term plans especially towards coming out of the crisis with strong economic viability as literature contends. For instance, in the UK, Canada, Europe, US etc., there are support initiatives especially where the government attempt to pay wages of employees at risk of losing their jobs (Ryder, 2020). Concerted effort and effective response of the government can provide meaningful tranquility to the citizens through the provision of palliative measures. Thus, there is emphasis on three major strategies explored in this paper to address the challenges and growth opportunities of SMEs in post-covid-19 recovery namely: Government funds support, roles of leaders of SMEs and Emergency Economic Stimulus Bill. Each of these is explained in the subsequent paragraphs.

First, as a response to this, the federal government of Nigeria is seeking for assistance of \$3.4 billion from the International Monetary Fund; \$2.5 billion from the World Bank and \$1 billion from the African Development Bank in order to bridge the vacuum created by COVID-19 pandemic (Odinaka& Josephine, 2020). It is not disagreeable to contend that, there is need to diversify various aspects of small and medium enterprises (SMEs) especially manufacturing, agriculture etc. as an attempt to respond to the impact of COVID-19 on the country's economy. Second, the role of leaders of SMEs is significant for an expansion of businesses despite the fact that, the government has been trying to foster health sector in order to respond to the challenge of COVID-19. It should be reiterated that digitization of business operations is also significant for further exploration of business opportunities in the SMEs. In so doing, the support for local production because COVID-19 affected the raw materials importation from China as being incessantly mentioned. Thus, the government in the recent time especially through Central Bank of Nigeria is giving support for business loans in order to strengthen the existing and new businesses especially towards addressing post COVID-19 economy. This can be considered as a great innovation in making national economy thrive after the scenario of COVID-19.

Third, since the current hardship of COVID-19 has potential of losing jobs by some employees, thus, in order to safeguard people's job, the government has taken proactive step through an Emergency Economic Stimulus Bill 2020 before the House of Assembly in order incentive businesses to protect the employees. It is specifically mentioned that, company should not retrench staff between the 31st March 2020 and 31st December, 2020 with an exception of rationale to a breach of Labour Act. This initiative undeniably is in right direction especially in encouraging the employers to retain their employees and consequently save the loose of jobs. Nonetheless, there is no explicit way through which the government attempts to finance the tax refund and pay its workers. It has been practically demonstrated that the government is interested in ensuring that the employees are safeguarded from losing their jobs. For instance, the Central Bank of Nigeria (CBN) has suspended banks that layoff of their staff without substantial justification or reason (MSMEs, 2020). It is not disagreeable to posit that, the governmental policies should be directed towards giving priority to survival



of citizens through effective strategies for economic viabilities. Hence, implication of the study is explained.

### **Conclusion**

This paper elucidates on the historical background of coronavirus from global level then narrows it down to the basis of its widespread in the context of Nigeria. The paper further explores the roles of small and medium enterprises (SMEs) prior to the outbreak of COVID-19 and it is argued that the government has been supportive to the SMEs in the country. It has been demonstrated that SMEs greatly contribute 48% of GDP in the country and it largely contributes to 80% of employment and 96% of the business according to National Bureau of Statistics. It is not doubtful that the paramount contribution of SMEs to the Nigerian economy cannot be underestimated. Nonetheless, the paper concluded that, the leaders of SMEs are worried about negative impact of COVID-19 on small and medium enterprises (SMEs) especially when there is no necessary financial support. It is specifically mentioned that, the financial implication of COVID-19 is a subset of the pay-cuts just enough to ensure non-furloughed staff were paid salaries to reduce job losses in the country. The study further concluded that small business owners are optimistic that with fervent support of the government, the country will come out stronger after the pandemic of COVID-19.

### **Recommendations**

From the foregoing thematic analysis, it is recommended that:

- i. There should be collaboration efforts between SMEs owners and the government to play an active role through the activities of small and medium Development Agency of Nigeria (SMEDAN) in providing platform for inclusion of digitalization into SMEs or business operation in Nigeria
- ii. Where cut-pay in salaries is introduced by SMEs' owners, it should go a long way to reduce job losses during and after covid-19. Thus, the government should provide intervention funds to improve the welfares of workers in the sector.
- iii. SMEs owners should develop and implement new productseconomy and embrace technological driven as a better way to connect to customers to drive sales in the sector
- iv. Government should anchor the social intervention programmes that can serve as meaningful and valuable way of fostering SMEs survival as an important mechanism for improving socio-economic situation of the citizens.

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