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Small and Medium Enterprises Sustainability Strategies Beyond the Periods of Environmental Shocks: Evidence From a Developing Economy

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3.1 Introduction

The global economy has witnessed pandemonium since the outbreak of COVID-19 in Wuhan City, Hubei Province of China, in December 2019. COVID-19 is a novel coronavirus that has spread to every

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continent except Antarctica and has posed humanity's most significant challenge since World War II. World Health Organization (WHO) describes Coronavirus disease 2019 (COVID-19) as "an infectious disease that causes severe acute respiratory syndrome coronavirus 2 (SARS-COV-2)" (WHO, 2020). The virus was first reported amid an outbreak of respiratory illness in Wuhan City, Hubei Province, China, on the 1st of December 2019 (Zhu et al., 2019). COVID-19 is more than a health issue because its impact is far-reaching with devastating social and economic consequences. As of the 8th of October, 2020, there were 36,164,596 cases confirmed, 25,242,930 recoveries 1,055,815 deaths worldwide. Indeed, COVID-19 is a novel challenge. Major economic and political power hubs worldwide, including Washington, New York, London, New Delhi, Beijing, Singapore, Rome, and Lagos, were deserted as people were compelled to stay indoors by choice or government. Big businesses worldwide, such as Banks and manufacturing industries, are engaged in skeletal activities, while small businesses like shops, restaurants, food vendors, and artisans have all closed shops. Many industries in the catering and tourism sector took a severe hit (Bajko et al., 2022); Healthcare and related industries had to cope with significant pressure due to changes in people's lives (Ghanemi et al., 2021); Transportation has to keep the momentum in moving people from one point to the other under intense pressure (Turo, & Kubik, 2021). Daily, jobs and income are being lost with the attendant challenge to SMEs. The International Labour Organization (ILO) estimates that 195 million jobs could be lost while developing countries could lose at least US\$220 billion in income.

In Nigeria, the Federal government acknowledged the presence of the COVID-19 virus, and there were reported cases in over 32 of the 36 states, including the Federal Capital Territory (FCT). Nigeria Centre for Diseases Control (NCDC), a federal government agency, reported 255,415 confirmed cases nationwide, with 249,601 recoveries and 3,142 deaths as of 31st of March 2022. Meanwhile, of the confirmed cases, about 50% are in the southwestern part of Nigeria, with Lagos state recording 39% of that total sum, making it an epicenter of the crisis in Nigeria. To control the spread of the deadly virus Lagos, Ogun, and

Osun states declared total lockdown in their respective states, halting business activities.

Given the rapid spread of the COVID-19 pandemic, the research community has responded quickly to the new virus with publications primarily centered on causes, prevention, and control. However, considering the significant impact of the pandemic on all sectors of the world economy, including that of Nigeria, it is safe to suggest that the sector most affected are the small and medium enterprises (SMEs). This significant impact is connected with SMEs' unique structure, such as small size, weak ownership structure, inadequate capital, and little or no technology infrastructure.

Locally, we are unaware of any research focusing on the impact of the COVID-19 pandemic on business concerns and coping strategies in a post-pandemic environment, especially in South-West Nigeria.

Therefore, this work aims to investigate to what degree the COVID-19 pandemic will impact Nigeria's business environment during and after the COVID-19 pandemic. Specifically, the paper will:

- i. Examine the effect of COVID-19 on Small and Medium Enterprises (SMEs) performance concerning sales, income, and profitability.
- ii. To highlight coping strategies SMEs adopted during and after the COVID-19 pandemic.
- iii. Identify specific policy measures the government can take to support SMEs post-COVID-19 lockdown.

The scope of the study is Lagos, Ogun, and Osun states in South-Western Nigeria. The three states were selected because they were subjected to total lockdown for over 21 days as against other states such as Oyo, Ondo, and Ekiti, which were on partial lockdown and had some measure of economic activities still going on. SMEs were preferred for this study because they represent a critical mass in the economy's private sector and are considered the bedrock of any sustainable economic development. South-Western zone of Nigeria was the focus of the study because it is the region with a high preponderance of SMEs in the country (SMEDAN, 2019) and collectively harbors 70% of reported

cases as of the end of March 2022. The study will adopt the conceptual approach by reviewing relevant literature and drawing an inference concerning the study's objective. The study will conclude by making recommendations that, if implemented, can ameliorate the challenges of post-COVID-19.

3.2 Literature Review

COVID-19

Coronaviruses belong to the Orthocoronavirinae sub-family in the Nidovirales order. Corona represents crown-like spikes on the virus's outer surface; thus, it was named a coronavirus. Coronaviruses are minute in size (65-125 nm in diameter) and contain a single-stranded RNA as a nucleic material (Perlman, 2020). WHO announced that the official name of the 2019 novel coronavirus is coronavirus disease (COVID-19), the year of the outbreak.

The exact origin, location, and natural reservoir of the 2019-nCoV still need to be determined. However, it is believed that the virus is zoonotic, and bats may be the culprits because of sequence identity to the bat-CoV (Perlman, 2020; Zhu et al., 2019). WHO believes COVID-19 may cause symptoms such as pneumonia, fever, breathing difficulty, and lung infection. It is spread primarily through droplets of saliva or discharge from the nose when an infected person coughs or sneezes www.who.int. Most people infected with COVID-19 are also considered asymptomatic, while others will experience mild to moderate respiratory illness. However, older persons from age 65 and especially those with underlying medical challenges like cardiovascular diseases, diabetes, chronic respiratory diseases, and cancer, are more likely to develop a severe illness with fatal consequences in some cases (Li et al., 2020; WHO).

The first laboratory-confirmed case of 2019-nCoV infection was on the 1st of December 2019 in Wuhan, China. The outbreak was said to have occurred in a local market, the Huanan Seafood Market (wet market), with at least 41 cases reported (Huang et al., 2020). It was also

reported that live animals such as bats, frogs, snakes, birds, marmots, and rabbits are frequently sold at the Huanan Seafood Market (Wang et al., 2020).

Although there is no known cure for COVID-19-affected persons, a regime of vaccines is now available, which includes Pfizer BioTech, Johnson & Johnson, Moderna, Oxford AstraZeneca, and Sputnik V vaccines. Meanwhile, some affected persons are being treated with a combination of therapies, tested negative, and discharged to go home. However, to prevent and slow transmission, WHO and the Nigeria Centre for Disease Control (NCDC) advocated regularly washing hands with detergent, using alcohol-based sanitizers, maintaining social and physical distancing, and full public awareness about the virus (WHO, ncdc.gov.ng).

In the meantime, the virus has created a total disruption of the world economic order, with almost all countries, including Nigeria, imposing a total lockdown of 21 days in some selected states. A lockdown of any country certainly will come with severe political, economic, and social consequences both in the short and long run. Therefore, this study focuses on the consequences of the lockdown occasioned by the virus on businesses, especially SMEs.

3.3 Small and Medium Enterprises (SMEs)

There is no universal definition for Small and Medium Enterprises since they are often given different descriptions in different countries and economies. These differences are often a result of government policies and programs. Fatai (2012) argued that different authors, institutions, government agencies, and policies have suggested different ways to define SMEs over the years. For example, Henschel (2009) reported that an SME in the United Kingdom (UK) is a company that employs less than 250 workers. In the United States of America, the figure is less than 500 employees. In South Africa, small businesses are categorized into four, namely, micro-enterprises, very small enterprises, small enterprises, and medium enterprises (Smith & Watkins, 2012).

In Nigeria, different government agencies such as Central Bank of Nigeria (CBN) Nigerian Council for Industry (NCI) have defined SMEs in different ways using criteria such as asset base or sales turnover. This study will adopt the Small, Medium, Enterprises, Development Agency of Nigeria (SMEDAN) definition. The agency defines SMEs as any enterprise with at least ten employees and a maximum of 199 with assets not less than N5 million and not exceeding N500 million (SMEDAN, 2013).

The SME sector consists mainly of two categories. These are those involved in subsistence level (self-employed) earning income to sustain themselves and family and those involved in growth-related concerns that can scale their businesses. These categories exist in almost all sectors of the Nigerian economy.

Prior to the outbreak of COVID-19, SMEs in Nigeria suffered from various challenges that were identified by the Institute of Development of Administrators of Nigeria (IDAN, 2007), including,

First, SMEs need more funding as they often rely on personal savings and support from family and friends. Financial institutions such as banks are still very reluctant to lend to support SMEs. Although the Central Bank of Nigeria is encouraging a change of attitude on the part of the banks, more than support from banks is needed to help grow the SMEs.

Second, high attrition rate among SMEs due to poor entrepreneurial and technical skills. Essential managerial skills like planning, organizing, leading, coordinating, and controlling need to be improved, resulting in business failure or stunted growth.

Third, poor and inadequate infrastructural facilities such as electricity, roads, water, railway system, etcetera still need to be improved for the growth of SMEs. Electricity is a critical factor in business success generally, and SMEs, mainly, are still epileptic. Cost implications of independent power sources, such as purchasing and maintaining generator sets, could be more cost-effective.

Fourth, weak institutions and multiple taxations also present adverse effects on SMEs. A slow judicial system often weakens the early dispensation of justice, with cases dragging on for years in the Nigerian court

system. Equally, multiple and ambiguous taxation system that different level of government levy on SMEs is harming the sector. Although the Federal Government is encouraging ease of doing business in the country, it is yet to be embraced by several states.

Beyond the health challenge posed by the COVID-19 pandemic, the virus significantly impacts international and local economies, especially SMEs (Bajko et al., 2022). There is the fear of unforeseen consequences of COVID-19 on businesses such that significant economies of the world and top Economists are predicting recession (GDA, 2020). Indeed COVID-19 pandemic is tremendously affecting SMEs' profitability and long-term viability (Emejulu et al., 2020; Hadi & Supardi, 2020).

For instance, Lagos, Ogun, and Osun states in South-West Nigeria experienced more than 21 days of total lockdown resulting in the total shutdown of businesses in compliance with a government directive. As a result, the SMEs took a hit with attendant consequences on sales volume, income, and profitability. Indeed, SMEs in states that have experienced lockdown measures are confronted with the harsh reality that could lead to business failure, low productivity, and loss of revenue resulting in a negative profit. Therefore, artisans such as cobblers and masons, who are daily income earners, may face existential challenges due to the lockdown COVID-19 pandemic can threaten the survival of SMEs in Nigeria (Eze et al., 2021).

Another consequence of the lockdown will be staff rationalization and staff reduction leading to unemployment for a productive workforce (Czainska et al., 2021; Rashid & Ratten, 2021; Williams et al., 2017).

Although the government has promised palliatives such as cash transfers, food, and food condiments for the vulnerable in society, more accurate information and data are needed to ensure the program's success. Coupled with this is a weak political decision driven by political and uneconomic considerations.

3.4 COVID-19 and Business Performance of SMEs

The study adopts sales, income, and profitability as the desired variable for use as proxies for business performance. A crisis such as COVID-19 poses a significant threat to the continued functioning of SMEs' performance (Eze et al., 2021). The lockdown in Lagos, Ogun, and Osun states prohibits the movement of people and materials with an attendant direct negative impact on the capacity of business organizations (SMEs) to make sales, earn income, and profit. Whether Nigerian businesses had any strategy to deal with unforeseen crises such as the COVID-19 pandemic is still being determined. Moreover, businesses have yet to be known to predict with certainty the consequences a particular crisis carries with it (Munoz et al., 2019). However, preparation is essential to manage a crisis well, and only a few, if any, SMEs would have prepared for a pandemic such as COVID-19. Studies have shown that SMEs often suffer from crises such as COVID-19 because they are vulnerable to cash-flow interruption as a result of loss of sales and income, lack of funds for recovery, inability to access government financial support, and severe infrastructure problems (Agbi & Rahim, 2021; Runyan, 2006).

Our review of literature such as (Bishop, 2019; Boin, 2009; Cowling et al., 2012; Doern, 2016; Herbane, 2010; Korber & McNaughton, 2018; Kuckertz et al., 2020; Smallbone et al., 2012; Runyan, 2006) suggest that for entrepreneurs, dealing with uncertainty, failure is a normal part of business; and (Ucbasaran et al., 2013), suggest this is even more so when an unforeseen crisis like the COVID-19 pandemic causes the uncertainty.

3.5 Research Propositions

To achieve the objectives set for this study (as earlier highlighted), three research questions were proposed and explored through qualitative studies. In answering the research question (RQ₁) on the effect of COVID-19 on SMEs' performance during the lockdown concerning

sales, income, and profitability, our literature review indicates the consequences of pandemics such as COVID-19 on SMEs include a reduction in sales, income, and profitability. This is expected because SME operators cannot go out and affect productive activities, and neither consumers nor users go out to make patronages. Therefore, income and profit are not attainable if sales are not made.

Meanwhile, scholars and economic experts such as Czainska et al. (2021), Adam and Alarifi (2021), Nyikos et al. (2021) have predicted gloom for national economies, especially SMEs. “Thousands of SMEs will die under the weight of formal and informal loans, and bills (rent, electricity, wages, and interest) that continue to accumulate under lockdowns, as well as low demand for their goods and services” (Soludo, 2020). There is also the fear that the owners of SMEs will probably consume their business capital during the lockdowns with no clear helpline afterward (Adam & Alarifi, 2021). Moreover, SMEs are precariously on edge due to the COVID-19 lockdown, as loss of sales, income, and profitability will lead to cost-cutting measures, including staff retrenchment.

RQ₁: What challenges did the COVID-19 pandemic pose to the performance of SMEs, via-a-vis sales, income, and profitability?

In answering RQ₂, the study believes that given the enormous pressure COVID-19 has placed on SMEs and the need to ensure their survival, they will need to adopt some coping strategies. Studies in crisis management in SMEs suggest steps to ameliorate the potential negative impact on sales, income, and employment practices (Doern et al., 2019; Ibidunni et al., 2020). Small and Medium Enterprises have a high capacity for adaptability and flexibility Smallbone et al. (2012), and we expect them to demonstrate this during and after the COVID-19 pandemic. In managing the COVID-19 crisis, SMEs can also adopt a strategy similar to the concept of bricolage, which is a process of improvisation to meet a desired goal. So rather than adopting stringent processes to address the challenges presented by COVID-19, it seems more appropriate for innovative SMEs to embrace iterative and flexible approaches such as effectual logic (Obi et al., 2018; Sarasvathy, 2001). Andreas

(2020) reported the findings from research on the 2012 Emilia earthquakes in Italy to illustrate the point: it is only adaptive and resilient SMEs who created change and opportunities with the resources available at the time, are those that survive which is an effectual principle (Martinelli et al., 2018).

Furthermore, SMEs should adopt relational capabilities that are based on deliberate bricolage, which William et al. (2017), Ibadunni et al. (2017a, 2017b), and Gilbert-Saad et al. (2018) believe will enable leveraging internal and external resources such as goodwill partners, cooperative support, and access to social capital through financial brokers. Changing customers' needs in response to COVID-19 is another possibility. A possible response to such a situation is for SMEs to apply their bricolage response mechanism to solve new challenges while seeking new business opportunities.

Meanwhile, it is not unlikely that the post-COVID-19 lockdown will trigger new initiatives and ways of doing business. Nevertheless, how far this will go depends on the innovation entrepreneurs bring into their organizations.

RQ₂: What coping strategies did SME operators adopt to adapt to the effects of COVID-19?

In answering RQ₃, the study believes that it will be inappropriate for the government to rely on SME initiatives and strategies in dealing with the economic and social damage caused by COVID-19. Instead, the government can step in by way of new legislation that will guarantee financial support, removing policies that have inhibited the growth and development of SMEs. Specifically, the government should reduce loan interest rates while improving loan availability. Incidences of high-interest rates and difficulties in accessing loans by SMEs have been significant challenges pre-COVID-19 crisis. This recommendation is supported by calls from developed countries, such as the United States, United Kingdom, France, Germany, and China, to secure financial resources for SMEs to prevent collapse. Also, it serves to strengthen their capacities to deal with the situation. Among the measures suggested by some United States

officials is that sustainable development goals (SDGs) should link to economic support to SMEs and entrepreneurs (Kaufman, 2020).

Wyns (2020) believes that if governments succeed in providing relief and support to SMEs under pressure in a way that supports the long-term economic objectives of the countries, COVID-19 could be a blessing in disguise.

Similarly, banks and financial institutions should be encouraged to design their lending policies for SMEs to positively impact and prevent the collapse of such a strategic sector of the economy.

RQ₃: What policy directions are necessary for government and institutions for the SMEs sector post-COVID-19?

3.6 Methodology

The present study used a qualitative research design to demonstrate the implications of the COVID-19 pandemic on the Nigerian business environment. Small and medium enterprise operators, including owner-managers and managers, form the unit of analysis for this study. According to Morse (2000), a qualitative study with a sample size of eight to twelve respondents is sufficient to generate patterns of responses that can provide sufficient insight into the subject under investigation. Consequently, this study gathered responses from forty-three Owners/managers and managers of small and medium enterprises in Nigeria. The study demystified three critical areas of the research question that pertain to the research objective. These questions include, what challenges did the COVID-19 pandemic pose to the performance of SMEs, via-a-vis sales, income, and profitability? What coping strategies did SME operators adopt to adapt to the effects of COVID-19? Finally, what policy directions are necessary for the government and institutions for the SME sector post-COVID-19? The adoption of qualitative research design helped this research to focus on in-depth inquiry and patterns of respondents' responses about the extent of implications of COVID-19 on SMEs in Nigeria. The questions that guided this study were

self-developed based on the researchers' conceptualization of the novel issues surrounding the possible effects COVID-19 on SMEs' business performance and their coping strategies for alleviating these challenges.

Interview Protocol

The interview was conducted using open-ended questions emailed to respondents for this study, and the interview period lasted for 2 Months, starting from July–September 2020. Table 3.1 shows the background information of the interviewees for this research.

Table 3.1 shows that the research covers a significantly sizeable geographic spread across the South-West region of Nigeria. The geographic spread of respondents revealed that 7 respondents were from Ogun State, 9 were from Oyo State, 3 were from Osun State, 20 were from Lagos State, and 4 were from Ekiti State. Hence, the information provided gave insightful directions about the issues relating to the impact of COVID-19 on Nigeria's SME sector. According to gender, the data in the table shows that 35 respondents are male, while 8 respondents are female. The respondents' sectoral spread shows that many respondents operate in the service industry, cutting across generic service areas to education, retail/trade, hospitality, and entertainment. In terms of firm age, there were variations in the responses gathered. The firms included in the sample were of firm sizes ranging from less than 5 employees to more than 40 employees; the age bracket of the firms was from less than 3 years to over 21 years.

3.7 Results and Discussion

This study developed three themes regarding the research questions raised to investigate the implications of the COVID-19 pandemic on the Nigerian Business Environment. The respondents for this study included operators of Small and Medium Enterprises (SMEs).

Theme One: Challenges posed by the COVID-19 pandemic on the performance of SMEs, via-a-vis sales, income, and profitability

Table 3.1 Respondents' Background Information

Respondents	Gender	Industry	Firm Size	Firm Age
Respondent 1	Male	Retail/Trading	Less than 5	10 years
Respondent 2	Male	Services	More than 41	Over 21 years
Respondent 3	Male	Education	05-Oct	Over 21 years
Respondent 4	Female	Hospitality and entertainment	31-40	10 years
Respondent 5	Male	Services	Nov-20	15 years
Respondent 6	Male	Hospitality and entertainment	05-Oct	16-20 years
Respondent 7	Male	Hospitality and entertainment	Nov-20	4-10 years
Respondent 8	Female	Education		
Respondent 9	Male	Retail/Trading	21-30	4-10 years
Respondent 10	Male	Education	Less than 5	4-10 years
Respondent 11	Male	Others	05-Oct	4-10 years
Respondent 12	Male	Others	Nov-20	11-15 years
Respondent 13	Male	Oil & gas	Nov-20	11-15 years
Respondent 14	Female	Oil & gas	31-40	11-15 years
Respondent 15	Male	Manufacturing	Less than 5	Over 21 years
Respondent 16	Male	Oil & gas	Nov-20	Over 21 years
Respondent 17	Male	Manufacturing	05-Oct	11-15 years
Respondent 18	Male	Hospitality and entertainment	05-Oct	4-10 years
Respondent 19	Female	Services	More than 41	16-20 years
Respondent 20	Female	Education	Nov-20	4-10 years
Respondent 21	Male	Others		Over 21 years
Respondent 22	Male	Hospitality and entertainment	Nov-20	4-10 years
Respondent 23	Male	Services	More than 41	Over 21 years
Respondent 24	Male	Oil & gas	Nov-20	11-15 years
Respondent 25	Male	Others	Nov-20	16-20 years
Respondent 26	Female	Retail/Trading	Less than 5	Less than 3 years
Respondent 27	Female	Services	05-Oct	4-10 years
Respondent 28	Male	Services	05-Oct	16-20 years
Respondent 29	Female	Others	Nov-20	16-20 years

(continued)

Table 3.1 (continued)

Respondents	Gender	Industry	Firm Size	Firm Age
Respondent 30	Male	Services	05-Oct	4–10 years
Respondent 31	Male	Services	05-Oct	16–20 years
Respondent 32	Male	Others	Nov-20	Over 21 years
Respondent 33	Male	Services	05-Oct	16–20 years
Respondent 34	Male	Education	More than 41	Over 21 years
Respondent 35	Male	Education	05-Oct	4–10 years
Respondent 36	Male	Hospitality and entertainment	21 – 30	4–10 years
Respondent 37	Male	Services	05-Oct	Less than 3 years
Respondent 38	Male	Services	05-Oct	11–15 years
Respondent 39	Male	Services	Less than 5	Over 21 years
Respondent 40	Male	Manufacturing	31–40	Over 21 years
Respondent 41	Male	Services	Less than 5	4–10 years
Respondent 42	Male	Manufacturing	05-Oct	16–20 years
Respondent 43	Male	Services	Less than 5	Less than 3 years

In order to explore this theme, respondents were asked to briefly describe the challenges faced by their firm during the COVID-19 pandemic, especially concerning the impact of the pandemic on business sales, income level, and profitability.

The responses were as expected regarding the challenges of the COVID-19 pandemic on business sales. There was a general view about the negative impacts of COVID-19 on the sales level of the SME operators interviewed. The insights from this study did not only demonstrate the slowing down effect of the pandemic on SMEs. It also showed the intensity of the pandemic on some of the respondents' businesses. For example, *Respondent 18*, which provides hospitality and entertainment services, established that the lockdown resulting from the pandemic caused a "full shutdown and loss of 100% revenue for two months. Maintenance expenses mostly come from a need for more use of items. Reopen expenses were also significantly high with no clear indication of when normalcy will return." Quiet surprisingly, under conditions

where we expected that remote service delivery might be an option, some businesses differed based on their experiences. For example, “a. Customers were restrained from coming out; therefore, the level of patronage dropped steeply, the online option did little or nothing to sustain the same level of patronage we had pre-Covid-19. b. Our projections for the year are badly affected by the pandemic. c. Since our contract staff is remunerated on commission, low patronage has stripped them of that, and three key staff already left the company” (*Respondent 30, Services firm*).

Also, the respondents shared their views about the income level of their SMEs during the COVID-19 pandemic. The responses were similar to our expectations about the negative impact of the pandemic on business income. For example, according to Respondent 4, “Did not earn any revenue in April 2020, and it may just 25% revenue. Even now, we are on 60% pre-Covid revenue.” However, a few other SME operators took advantage of the period to re-engineer their business operations to maintain the inflow of business income slightly. For example, *Respondent 26*, which operates a retail and trading business, opined, “This business is volume-based; when we lost the strength of voluminous sales, we had to resort to retailing mainly.” Also, one respondent noted a diversification in their line of business “Income level was on ground zero, except our proactive response to the production of branded face masks” (*Respondent 39*).

Finally, in the theme of identifying the challenges of the COVID-19 pandemic on SMEs related to the impact of the pandemic on business profitability. Generally, the respondent’s view was that their businesses did not record any profits. One of the measures the government took to support Nigerians was a reduction in Premium Motor Spirit (PMS) price. However, for *Respondent 14*, this action taken by the government had a negative toll on that business. The respondent opined, “Recently, the frequent fluctuations of prices of PMS by the government, all in the name of this global pandemic, has done much damage to the profitability of the oil and gas business. We hope for stability.”

Environmental disruptions caused by pandemics are noted to have immense effects on the performance of businesses (Day et al., 2004). More critical is that SMEs are perceived to be the most vulnerable to

the resultant effects of pandemics, mainly because they generally are limited in their capital base and access to resources that could support them in stabilizing, even if they survive disruptive times (Hans, 2018). This assertion is as accurate to emerging economies as to their developed counterparts (Ayeni et al., 2017; Robin et al., 2020). Consequently, the need arises for SME operators to rethink their competencies in terms of resilience toward unforeseen environmental shocks.

Theme Two: Coping strategies adopted by SMEs operators to adapt to the effects of COVID-19

Theme two pertained to identifying the coping strategies the SME operators used to mitigate the risks of the COVID-19 pandemic. Respondents were asked to describe their businesses' coping strategies to adapt to the effects of the COVID-19 pandemic. Some business operators' response/coping strategy to the pandemic was to emphasize online and digital technology adoption. For example, respondents replied by saying "online marketing" (*Respondent 1*). Another respondent declared, "we have been able to deploy technology to work 100% from home via the internet" (*Respondent 24*).

Nevertheless, other respondents adopted strategies that focused on more effective customer service. For example, "by flying all the arsenals to ensure we give our customers the best services through good customer relations. Hence, Making sure we deliver 100% through our dispensing units to maintain our existing customers and gain more from the market share" (*Respondent 14*).

Some of the operators adopted a diversification strategy to sustain their business continuity. According to *Respondent 26*, "We initially did not do small volume retailing, but we introduced it and increased our product variety. We also added grocery shopping service to retain our clients." However, other operators resorted to outright downsizing. *For example, respondent 18* revealed that "Keep cost tight, scale down head count, accept the new way of living, been seen as a responsible organization that takes safety seriously." Another exciting narrative from the responses was the adoption of philanthropic approaches to meeting customers' requirements. For example, a respondent affirmed that "Sending bulk SMS to the consuming public and reminding them of our existence and the love

we have for them. We communicate NCDC rules and regulations to them at least for the safety of our lives” (*Respondent 22*).

The order of responses gathered from the semi-structured interview revealed that SME operators, especially those operating within the context of this study, tend to develop new approaches and strategies that ensure their business survival and resilience beyond environmental disruptions. The character or type of strategy adopted by the SME operators is determined by the dynamics presented by their environment. Similarly, studies such as Ayeni et al. (2018), Ibidunni et al. (2017a, 2017b, 2018) have reported that SME operators in developing economies like Nigeria depend to a large extent on their businesses to survive. Hence these business operators engage diverse forms of innovations and skillfulness in maneuvering harsh economic and social conditions to ensure the survival and continuity of their businesses.

Theme Three: Policy directions necessary for government and institutions for the SMEs sector post-COVID-19

Theme three focused on interrogating issues that relate to policy directions that the government and institutions should implement in supporting SMEs’ growth post-COVID-19. This study identified the extent to which government support assisted SME operators during the COVID-19 pandemic. First, respondents were asked whether they received any form of support from the government. The response revealed that only two respondents were affirmative about the government supporting their businesses. *Respondent 12* confirmed receiving government support “Through Nirsal MFB.” Also, *Respondent 29* revealed that the “Government reduced our Agric loan interest to 5%.” These two respondents also confirmed that the support received from the government was sufficient to help their businesses stabilize during the period of the pandemic. However, a more significant number of respondents confirmed that they did not receive any form of support from the government. Hence, their responses suggest they will likely adopt other sustenance measures for their businesses that rely less on government interventions.

The results from this study are consistent with many existing studies that have proven that the SME sector needs more government support and policy neglect (Khayri et al., 2011). Furthermore, according to the

literature, the failure of the government to act as an effective facilitator of a working business environment in the region under study has failed in many firms with massive global competitiveness potential (Uche & Familusi, 2018). Consequently, this study further amplifies the need for adequate support for the growth of the SME sector, especially during the present global economic shock arising from the COVID-19 pandemic.

In addition, the respondents' insights about policy directions necessary for the government or its agencies to implement for the survival of the SME sector post-COVID-19 showed diverse views. Several themes emerged from the replies provided by the SME operators. For example, there was an issue raised about the "Provision of a loan with single digit interest" (*Respondent 1*) and "More access to recovery loans and better transparency" (*Respondent 4*). Also, communication was identified as a pertinent area of concern, as revealed in "Improvement of communication" (*Respondent 3*). Views were also expressed about the need to place more emphasis on selected sectors and ensure capacity building "1. Agriculture be given priority; 2. Continuous Training of farmers; 3. Fund be made available for the real farmers and not through association to avoid massive fraudulent heads" (*Respondent 11*). Another critical issue raised pertained to infrastructure "Provision of infrastructures that would reduce the cost of doing business such as good roads and electricity" (*Respondent 15*). Also, a respondent highlighted the need for favorable tax policies to be designed "The government should reduce taxes for the current year. Make loans more easily accessible to businesses at a single-digit interest rate. There should be bail-out packages for businesses that are badly hit due to Covid after due diligence by the government" (*Respondent 24*).

3.8 Implications of the Study

This study has implications directed to theory and policymakers toward supporting the growth of SMEs in developing countries, especially during epidemics and pandemics. Theoretically, the understanding of MSMEs' adaptability and resilience, especially from the developing economies' perspective, has yet to be extensively discussed. Countries

in the global south still require significant theoretical underpinnings and explanations about issues related to adopting dynamic competencies that support them in maneuvering periods of environmental turbulence, particularly during unforeseen global pandemics. Consequently, this study contributes to understanding coping strategies that support SMEs' survival during environmental turbulence.

The findings from this study also bring to the fore the critical role of policy formulation and implementation toward advancing the SME sector of developing economies. The general perception reported in this study highlights significant neglect of the SME sector by the government and its institutional organs. The need to drive policy, especially in communication, funding supports, single-digit interest loans, favorable tax policies, and ensuring of business friend environment and infrastructure that support ease of doing business, have been pointed out as critical issues of concern. Policymakers must follow a more conscientious and purpose-oriented approach toward ensuring a sustainable SME sector in the developing economy.

3.9 Conclusion and Further Studies

This study has significantly contributed to the strategic management literature by exploring the coping strategies that support SMEs' survival during adverse environmental disruptions. The findings from this study highlight the importance of SME operators' competencies, especially concerning adopting digital technologies and resilience capabilities to ensure business survival during and after periods of pandemics. Specifically, SMEs looking to recover from the pandemic should invest in affordable digital tools. Similarly, SMEs should embrace creativity and innovation in their service delivery to enhance resilience and sustainability. The study also concludes that government support for SMEs in developing economies, with particular emphasis on the context of this study, should be given priority. Finally, despite the contributions made by this study, further studies should compare the disruptive effects of

pandemics from a cross-country perspective of developing nations to offer strong recommendations about dynamic capabilities that are critical to SMEs' resilience.

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