

COVID-19 PANDEMIC AND BUSINESS PERFORMANCE OF MICRO SMALL AND MEDIUM ENTERPRISES IN SOUTH-WEST OF NIGERIA

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Abstract

The study examined effects of Covid-19 pandemic on business performance in the South-west of Nigeria. The study used combination of multi-stage, purposive, and convenient sampling techniques to gather primary data by using structured questionnaire from a sample size of 180 micro small medium enterprises (MSMEs) operators across six states based on three senatorial areas and two local government areas in each senatorial area. The data was analyzed using descriptive and inferential statistics, correlation and regression for testing hypotheses. The findings showed that covid-19 pandemic significantly affected customer patronage and profitability of MSMEs' owners in the geo-political zone. Considering significant roles of MSMEs in the development and growth of economy, the study recommends that Nigerian government must provide palliative measures to MSMEs in order to cushion the effects, particularly in the area of financial intervention such as loan holiday, soft landing policy of loans renegotiation for those operating under credit facility burdens, assisting employees on payroll of MSMEs with welfare packages as alternative to total layoff. Furthermore, study also recommends concerted efforts toward facilitating cordial relationship between customers and MSMEs through provision of support institutions on information, quality standard, distributional channels and accessibility, and marketing related issues on goods and services.

Keyword: Corona Virus Pandemic, Business Ventures, Performance, Economy

INTRODUCTION

Business management is obviously central to some factors of environmental analysis, thereby making business environment an essential aspect to explore and exploit for its performance. The factors are generally prevailing in the environment with influence upon the business organizations and their management, environment in which business enterprises exists can be divided into two parts- internal and external. While the former can be effectively and efficiently controlled by business

management, and also these are factors within the business organization which impart strength and cause weakness, the latter seems to be certainly uncontrollable by the business management because they comprise all factors outside business organization which provides opportunities and pose threat to the organization. However, external environment is majorly categorized into political, economical, socio- cultural, technological, ecological and legal (PESTEL) as factors influencing business activities. In this respect, these factors are most often affected business management ability to develop and grow successful relationship with target customers and consumers. Therefore, global prevailing incidence of Covid-19 pandemic as basis of ecological factor of external environment call for attention. More importantly, business environment affects business decisions and its process of overall goals achievement. More so, that decision a business enterprise takes depends on elements which prevail in the environment.

Whereas if a business venture fails to take adequate understanding of the environment seriously, such business organization will suffer crises in its performance. Therefore, understanding Covid-19 pandemic as an ecological factor in which business organization exists is very vital, particularly as it necessitates how to understand its impact with business performance. Nevertheless, proper scrutiny of impact of Covid-19 pandemic on businesses can reveal what attitude and behavior of the people in the environment. Thus, objective of this study is to investigate the effects of Covid-19 pandemic on business performance.

Since the outbreak of Covid-19 pandemic in world, particularly in Nigeria, businesses have experienced numerous challenges from strategies put in place to curtail and reduce rate of spread of Covid-19 among people. World Health Organization (WHO, 2020) recommended improvement of hygienic conditions through physical distance, regular hands washing with soap and water or sanitizer, wearing of face mask and lockdown of critical economic activities which caused overall depressed productivity due to remote work protocols, as well as cash flow challenges, constraint to free movement of goods and services (Chidi, 2020). In essence, businesses remain closed and or partially operating during the corona virus pandemic for up to eight months. Although, business environment analysis offers the unique benefit to harness the strength, weakness, opportunities and threat (SWOT) in business organization, particularly to carefully handle its activities through objectives. However, many business organizations do not anticipate coming of Covid-19 pandemic, thereby giving strategic focus to their operations, hence this study intends to examine effects of the Covid-19 pandemic on business performance of selected MSMEs in the South western Nigeria. Thus, it is imperative to raise following research questions: What effect does Covid-19 pandemic has on customer

patronage of MSMEs? What influence does Covid-19 pandemic have on profitability of MSMEs, and what is the effect of Covid-19 pandemic on business performance of MSMEs in the South-West of Nigeria? In this respect, the study will test aligned hypotheses accordingly.

LITERATURE REVIEW

There has been an ongoing debate in the literature with respect to Covid-19 pandemic and business environment factors, especially as there were sparked reactions to the strategy adopted to curtail the spread of Corona Virus disease which seems to having ripples effects on socio- economic activities, more importantly that this section presented conceptual issues and clarifications as the study has identified of Covid-19 pandemic and business performance as variables of investigation, under platform of MSMEs in the South-west of Nigeria.

Covid-19 Pandemic

Covid-19 pandemic is specifically conceived as a ravaging contagious and infectious disease negatively affecting people worldwide. The emergence of Corona Virus also known as Covid-19 is organism vector responsible for causing the pandemic through several transmissions from intermediary hosts. Although Corona Virus can be traced or originated in China during end of year 2019, when first incidence at world famous Huanan seafood market in Wuhan was noticed and diagnosed with the virus (Turner, 2020). Furthermore, he stated that the virus originated in bats, and pangolin was animal implicated as intermediary host between bats and human infections. Covid-19 started spreading from the first cluster in the capital of China's Hubei province to a pandemic that has resulted in massive infection and killed over sixty million people according to World Health Organization (WHO, 2020) record as at December 07, 2020. Covid-19 pandemic has brought the world economy to state of comatose as economies with strong buffers are at the danger of being pulled into recession. While other economies with weak or non- existent buffers like Nigeria are at the verge of going into a depression. Total or partial lockdown of critical economic activities are observed worldwide as strategy towards curtailment of Covid-19 pandemic.

Business Performance

Business performance is a term normally used to express and indicate outcomes of business entity over a period of time. By implication of the above statement, there must be parameters for indicating outcomes of business entity either is positive or negative, particularly as business performance adjudged under combination of managerial and analytical dimensions to achieve pre- determined goals (Ikotun,

2017). Therefore, business performance is established in term of the result a business entity achieved in relation to its objectives in cause of operational activities for a specific period (Ikotun, Ogbechi & Adigun, 2018). In this respect, Mann and Kehje (2009) asserted that business performance is managerial function at all levels aligning with expectations based on goals. Ikotun et al (2018) defined business performance as measurement that can be gleaned to have three main activities: determination of goals, consolidation of measurement information relevant to the business entity's goals, and corrective measures put in place in the light of the information. Nevertheless, key performance indicators which are normally used includes profitability, return on investments (ROI), return on equity (ROE), Customers' patronage, customer satisfaction, market share, sales growth and stakeholder' rewards.

It is within the scope of business operations that management always responsible for the development of rational process of determining key performance indicators based on set goals and objectives of the business entity. Atkinson, Water house and Well (2009) highlighted five ways of business performance measurement include: first, to assess value which business entity anticipates from its stakeholders, and value each of stakeholders expect from the business entity, second is to monitor process of efficiency, third is to define the standard of minimal level of performance and maximal targeting performance while fourth is to focus on performance drivers and factors of its achievement and fifth is to suggest measures for improving financial performance. In essence, business performance is generally defined as set of activities which indicate favorable or positive results in line with goals of the business entity.

Concept of Micro, Small and Medium Enterprises (MSMEs) in Nigerian Economy.

In recent time, literatures have presented paradigm shift of enterprises classification from small and medium enterprises (SMEs) into MSMEs now being recognized in order to have all – embracing, robust and distinct enterprises classification. It is in this respect that United Nations Environment Programme (UNEP, 2003) stated that some countries prefer to categorize enterprise into three, that is, Micro, Small and Medium rather than initial classification of two that is small and medium without considering big or large enterprises. However, conceptualization of MSMEs also cover the SMEs, despite the difference. In countries like United Kingdom and United States of America where enterprises are defined in terms of turnover and number of employees. Meanwhile, European Union posited that Micro enterprises employ <10

employees with an annual turnover of 2 Million Euros, small enterprises employ <50 employees with 10 Million Euro as their annual turnover while medium enterprises employ <250 employees with an annual turnover of 43 Trillion Euro (Ikotun, Oyende & Ogbechi, 2015). In Nigeria MSMEs seem to lack generally acceptable definition, still parameters of capital outlay, engaged employees, sales turnover, market share and level of operations and development are used for categorizing. Central Bank of Nigeria (CBN) issued a communiqué No: 69 of the special monetary policy committee meeting of April 15, 2010 with acknowledge of several definitions of SMEs from Nigerian institutions. Besides, CBN prescribed a definite definition along with Federal Ministry of Industries and Commerce that divides SMEs into three as Micro Enterprises (MEs), Small Scale Enterprises (SSEs) and Medium Scale Enterprises (MSEs) as indicated in table 1 with other institutions.

Table 1: Conceptualization of MSMEs by Nigerian Institutions

CLASSIFICATION	TOTAL ASSET (Nm)			ANNUAL TURNOVER(Nm)			NUMBER OF EMPLOYEES		
	ME	SSE	MSE	ME	SSE	MSE	ME	SSE	MSE
CBN	n.a	<1	<150	n.a	<1	<150	n.a	<50	<100
CMD	<0.00	<0.005	<0.5	n.a	n.a	n.a	n.a	<30	>50
FMIC	n.a	<50	<200	n.a	n.a	n.a	<10	<100	<300
NASME	<1	<50	<150	<10	<100	<500	<10	<50	<100
NASSI	<1	<40	n.a	n.a	<40	n.a	n.a	<30	n.a
NERFUND	n.a	<10	n.a	n.a	n.a	n.a	n.a	n.a	n.a

Source: Author's Compilation

CMD = Centre for Management Development

CBN = Central Bank of Nigeria

FMIC = Federal Ministry of Industry and Commerce

NASME = National Association of Small and Medium Enterprises

NASSI = Association of Small-Scale Industry

NERFUD = National Economic Reconstruction Fund.

It is important to mention that there is no consensus definition, despite the fact that MSMEs can be perceptively defined under all-encompassing features such as amount of capital investment or asset, number of employees, ownership types and registration, turnover or profit and regulation under its financial and monetary policy framework.

The Significant Relevance of MSMEs in the Economy.

MSMEs have been considered as veritable means of economic development and growth, particularly in the area of creating endless employment opportunities (Ikotun, et al, 2015). This collaborates statement of Osugwu (2001) that small scale enterprises in the country account for substantial part of the total industrial employment, production and value-added. MSMEs are sources of economic transformation through business innovations, opportunities and exploitations as they contributed to gross domestic products (GDP) in terms of output of goods, services, processes and people within and outside the nation (Ikotun, et al 2015). Ariyo (2008) asserted that SMEs accounted for 50% of Nigeria industrial outputs. Besides, SMEs providing both internally generated revenues and foreign exchange earnings for further development of the economy, particularly as they are found in every sector of the economy being essential for sustaining long term development and growth (MacDonald, Assimakoules & Anderson, 2007). MSMEs are used as a veritable tool for development of local or indigenous skills and technological acquisition, and it promotes synergy of collaboration of technological transfer and adoption within and outside the country. Also, it facilitates development and agglomeration effect in the country, thus promoting large scale industrial economy with strong bias for stimulating urbanization as well as improving infrastructural facilities which also enhance quality of life (Ikotun, et al, 2015). However, due to the recognition of MSMEs as a catalyst of socio-economic development, it is imperative to examine effect of Covid-19 pandemic on the MSMEs and possibly suggest solutions for the way forward.

Theoretical Framework.

A study of Covid-19 pandemic and business performance of MSMEs in South western Nigeria requires theoretical framework which can be used to establish path of the research and ground it firmly in theoretical constructs. Therefore, eco-social theory from epidemiology discipline forms underpinning theoretical foundation in explaining effects of Covid-19 pandemic on business performance. Epidemiology is the study of diseases in population of inhabitants or other animals, specifically on how, when and where they occur. These are used to determine what factors are associated with diseases in terms of risk and prevention of the population of people or animals. In this regard, Covid-19 Pandemic is health and medical problems which relate to the existence and survival of people in various parts of the globe. Especially as health or medical issues are often humanly and environmentally induced through their spatial interactions. Although, Pandemic has wider coverage dimension than epidemic, still the same study approach can be applied as in a contemporary analysis

of epidemiology. There are three main dimensions of explaining diseases distribution, these are psychosocial, social production of disease (political economy of health), and eco-social and other emerging multi-level frameworks. Eco-social theory was first proposed by Nancy Kriger in 1994 based on purpose of explaining causal relationships in disease distribution.

Eco-social theory believes that there is need to integrate socio- economic and biological reasoning along with a dynamic of disease distribution in order to address population distribution in public health. Furthermore, eco-social theory incorporates biological explanations, a lifestyle dimension and a multi-level prospective over space and time to explain association between exposures and disease with an explicit focus on preventive measures. Theoretical epidemiology primarily focus on the factors which determining and influencing frequency distribution of disease, as well as their causes in a defined human population through which program can be established to prevent and control their development and spread. It is in this regard that strategy adopted to curtail and prevent spread of Covid-19 pandemic call for attention in order to know its socio-economic impact. Nevertheless, the theory can be used to explain the path between Covid-19 pandemic and business performance of MSMEs with exposure to socio- economic characteristics of the environment and its effects on general publics formed the basis of this investigation and why the theory is relevant in establishing constructs and variables which are used in the study, along with the conceptual reviews and clarifications.

Empirical Review

Micro small and medium enterprises (MSMEs) are becoming well- recognized and much heralded strategy of industrialization as well as socio- economic development and growth in developed and developing nations. Therefore, any existing challenge or barrier to MSMEs need critical examination in order not to slow down socio-economic progress, particularly as emergence of Covid-19 pandemic is generating great concern among businesses as economy was affected in several ways due to the fact that many people who are consumers were losing income as a result of job lay off. International labour organization (2020) predicted decline in world foreign investment during Covid-19 pandemic and unstable investment policy. Nations Conference on Trade and Development (UNCTAD, 2020) projected increase in global rate of unemployment which might cause difficulty in sustaining business operations.

Andam, Edeh, Oboh, and Thurlow (2020) asserted that Covid-19 pandemic has strong impact on economy of Nigeria due to the strategies adopted to mitigate virus

infection in the country. Although, their methodology was based on social accounting matrix (SAM) in stimulating the Covid-19 impact on economy, with finding that national GDP suffered over 25% reduction. Organization for Economic Co- operation and Development (OECD, 2020) stated that there will be an upward increase in negative impact of the Covid-19 pandemic on the nations' GDP growth worldwide. In this regard, liquidity position and business survival of SMEs must be extremely worrisome. Imaanche, Zea, Tougene and Dalibi (2020) highlighted the following as effects of Covid-19 pandemic on SMEs (restriction of movements, reduction in purchasing power or consumers, and decrease in importation of goods and services). These effects have negative impact on SMEs in Nigeria during Covid-19 pandemic. Thus, Covid-19 pandemic has invoked global economic crisis and threatened the growth of SMEs in Nigeria.

Conceptual Research Model

There are numerous investigations over the past few decades which have examined the business performance (Olawale & Garwe, 2010; Sellers & Sottini, 2016; UNIDO, 2017). However, there are few studies involved in environmental factors that makes businesses to become unproductive, limitations and challenges encountered during or after setting up a business. Therefore, factors responsible for low performance of businesses can be conceptualized and virtualized under external environment forces which management of businesses have no control over. These forces can either be direct action elements and or indirect action elements. Nevertheless, the study gleans its presentation from indirect action elements which can be fundamentally discussed under acronym “PESTEL” analysis particularly ecological factor of physical environment is where one can explain the interdependence between business and its various environmental elements. The physical environment is made up of human beings, animals, plants, natural resources as well as weather, climate, soil, river or ocean and vegetation. Equally, it is important to point out that diseases or health/medical problems are often environmentally induced though humans' spatial interactions. In this respect, ecological factors can be considered as resources or resistances/hazards (Landslide, drought, earthquakes, flooding, hurricane, icing or glaciated, tsunami, deforestation and diseases).

The trends and events associated with ecological factors need some elements of evaluation and forecasting if management of businesses must succeed. Oladimeji and Ikotun (2018) posits that relationships between business organization and environment have been examined in three ways: firstly, business organization is open system of several interfaces with environment, because there are needs for

business entities to import various types of inputs- (resources: human, capital, technology, information, time, material things) which are transformed into consumable items – outputs: products/ goods, services and profits. Secondly, approach mainly focus on the demands and legitimate rights of different stakeholders such as employees, suppliers, consumers, customers, creditors, community or publics and government. While third way critically consider business entity operating in an external environment of opportunities and threats which can be classified into political, economic, socio- cultural, technological legal, competitive and international factors. In essence, the three approaches deserve to be consistent as well as maintained complimentary dimension to each other.

Therefore, Corona Virus pandemic has caused large scale of mortality and afflicted dimensional human sufferings globally. More importantly that it constituted foremost public health crisis with ripple effect in the socio- economic sector. Especially as Corona Virus pandemic generated a major economic crisis of a halt in production as well as reduction in rate of consumption patterns due to strategy put in place to curtail spread of Corona Virus worldwide.

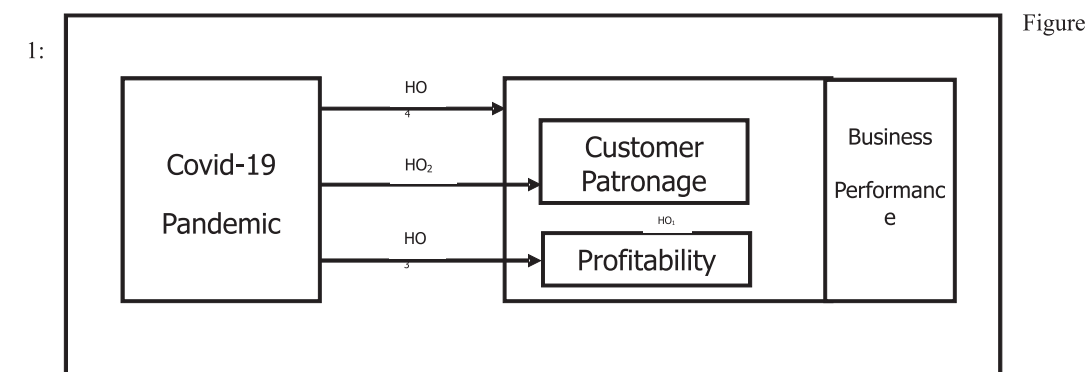
OECD (2020) asserted that there is an increasingly negative affliction of Covid-19 pandemic on global gross domestic product (GDP) growth, liquidity position and business survival of SMEs, thereby making business environment to become worrisome. In addition, some international institutions have also predicted economic outlook in terms of the global economic recession. As International Monetary Fund (IMF, 2020) projected a decline in global GDP by 4.9 percent during the Covid-19 pandemic lockdown, while UNCTAD (2020) estimated progressive decline in global foreign investment in-between six- nine months of the pandemic, and international labour organization (ILO, 2020) forecasted rise in global unemployment on account of the pandemic. It is on their premises that outstanding business activities may be uncertainly or definitely be difficult for SMEs in particular. Business operations are critical path of evaluation that necessitates performance. Thus, this study hypothesized that H_{04} : Covid-19 pandemic has no significant effect on business performance of MSMEs in South Western Nigeria. Furthermore, literature review has revealed that components of business performance are many, however, the study intends to use qualitative approach through dimension of structured questionnaire to collect data, as study the will focus on customer patronage and profitability as indicator of business performance. It is also important to note that the two components of business performance are fundamental approach of arriving at the other components.

Customer patronage is used to express actual demand of products or services by a customer or consumer (Ikotun, 2017). Customer patronage is described as frequency of transactions or purchases carried out in a particular outlets or point of sales. However, it is used in its ordinary meaning as sales or as means of facilitating exchange of goods and services between sellers and buyers. Customer patronage is direct function of sales that determines various financial computations or calculations which lead to profitability in an organization. Kaplan and Norton (2011) asserted that customer patronage is one major approach business entity must use to achieve their objectives. Nevertheless, business management attaches high importance to the sales as function of customer patronage as well as indicator of business performance. Since customers or consumers are mostly people, even if they are representing organizations as entity, therefore, with Covid-19 pandemic and strategy put in place to curtail its spread such as lock down of socio- economic activities and closure of borders with strong suspension of both local and international transportation will affect consumer patronages in general. Based on the foregoing, it is hypothesized therefore that- H_{02} : Covid-19 pandemic has no significant effect on customer patronage of MSMEs in South Western Nigeria.

Profitability is used to indicate ability of a business organization to earn profit, whereas profit is defined as a return on investment. Also, profitability is a relative concept while profit can be described as an absolute expression (Nimalathasam, 2010). Ikotun (2017) defined profitability as ability to generate income or revenue in an ongoing investment or venture, it is also expressed in financial terms. Ogbadu (2009) stated that profit making is the entrepreneur's reward and is also main reason of doing business, besides, it is used as parameter of measuring performance in business entities. Business organization attains profit by subtracting cost from revenue, cost is calculated by the economist is greater than the cost calculated by the accountant during profit determination. Economic profit is what you earn over and above all costs. Economic profit justifies main aim of business organizations, without which business cannot survive.

In essence, profitability is considered as best technique that measures the performance of capital employed and its operational effectiveness and efficiency (Ikotun, 2017). More importantly, that profitability can be determined or indicated through following gross operating profit (GOP), net operating profitability (NOP), return on total asset (ROTA) and return on invested capital (ROIC). Although profitability of organization has been noticed to vary from various countries and economic sectors of operations, still these are appropriate measures of profitability. However, customer patronage forms basis of determination of profitability. Therefore, it can be hypothesized that H_{01} : there is no relationship between customer

patronage and profitability of MSMEs. This is because if Covid-19 pandemic affects customer patronage, it is logical to say that it also affect profitability. The above viewpoints leads to the following hypothesis H_{03} . Covid-19 pandemic has no significant effect on profitability of MSMEs in South western Nigeria. It is on basis of the foregoing that this study develops conceptual model harvested in the literature review. The conceptual framework of the linkage between Covid-19 pandemic and business performance can be visualized in figure 1



Research Model
Source: Author's Conceptual Model

The figure 1 depicts research model, and interactions among its constructs or variables. It indicates business performance as dependent variables which could be influenced by Covid-19 pandemic as independent variables.

METHODOLOGY

The study adopted cross- sectional survey research design. Population study units of data collection were MSMEs (Operators/Managers/Owners) in the South western Nigeria that comprises of six states (Ekiti, Lagos, Ogun, Ondo, Osun, and Oyo). The geo- political zone was chosen for this study because it accommodates largest city in Africa and a formal capital of Western region (Ibadan) as well as the fast-developing Africa mega city and formal capital of Nigeria- (Lagos). The zone is noted for vast in cottage industry development, besides having most commercialized settlements and industrial estates. Researcher adopted combination of multi-stage, purposive and convenient sampling techniques. Ten (10) respondents were sampled at each senatorial district, by carrying out five questionnaire administration in two local government areas in the senatorial district, making a total sample of 30 respondents per state, because there are three senatorial districts in a state while aggregate sample size was one hundred and eighty (180) for the study. The selected MSMEs were

registered members of the small and medium enterprises development agency (SMEDA) of the local government areas (LGAs) across the senatorial district of the state. They were also accessible to the researcher.

The study considered this condition that influenced the choice of sample technique has important because of the nature of the independent variables and dependent variables which need valid judgments based on approach of qualitative method from the MSMEs' operators. A closed ended and structural questionnaire of Likert scale weighted on six-point format was used for data collection and pretested before administration to the participants before administration to the real participants in the study. The reliability of the constructs was confirmed at threshold above standard index ranges between 0.75 and 0.85 Cronbach Alpha Co-efficient. The data processing was carried out using descriptive statistics of frequency distribution, percentage, mean and standard deviation while inferential statistic of correlation and regression analysis were used for testing hypotheses in order to establish relationship and or effect among the variables under investigation.

Table 1: Distribution of Questionnaires in the three Senatorial Areas of States in Southern-Western Nigeria.

S/n	State	Three Senatorial Areas			Total
		1	2	3	
1	Ekiti	10	10	10	30
2	Lagos	10	10	10	30
3	Ogun	10	10	10	30
4	Ondo	10	10	10	30
5	Osun	10	10	10	30
6	Oyo	10	10	10	30
	Total	60	60	60	180

Source: Author's compilation for Research Survey Administration.

Results, Findings and Discussion

Table 2: Descriptive Analysis of Respondents on Covid-19 Pandemic.

S/ N	VARIABLES	5A 6		A 5		FA 4		FD 3		D 2		SD 1		$\bar{x}$	STD.
		F	P	F	P	F	P	F	P	F	P	F	P		
1	Covid-19 Pandemic is a disease globally affecting humanity and their activities	44	24.4	52	28.9	34	18.9	22	12.2	28	15.6	10	5.6	4.40	1.59
2	Covid-19 Pandemic necessitated lockdown of some business activities	58	32.2	42	23.3	36	20	27	19	10	5.6	7	3.9	4.5	1.99
3	Covid-19 Pandemic contributed in a great extent to lack of achievement of business goals	45	25.0	43	23.9	42	23.3	20	11.1	10	5.6	20.0	11.1	4.18	1.59
4	Covid-19 Pandemic negatively affected business performance	40	22.2	35	19.4	35	19.4	35	19.4	25	13.9	10	5.6	4.04	1.55

Table 2 showed the descriptive statistics of respondents under investigation according to constructs of variable (Covid-19 Pandemic) used for the investigation. The table indicated that majority of the respondent agreed that Covid-19 is a disease globally affecting humanity and their activities on aggregate percentage of 72.2 while other respondents disagreed on aggregate percentage of 27.8. This further suggest that respondents understand what Covid-19 pandemic connotes and its impact worldwide, mean o 4.4, and Standard deviation of 1.59. The table also confirmed that Covid-19 pandemic necessitated lock- down of some business activities as summations of 75.5% accounted for this, while the remaining disagreed, mean and standard deviation stand at 4.5 and 1.99 respectively. Furthermore, the table revealed that Covid-19 pandemic contributed in a great extent to lack of achievement of business goals as sum up of 72.2% of respondents agreed with the statement while 27.8% disagreed with mean of 4.18 and standard deviation of 1.59. Finally, the table indicated that Covid-19 pandemic negatively affected business performance as a total of 61% of respondent agreed with the statement while 39%

disagreed, mean of 4.02, and standard deviation of 1.33.

Table 3: Descriptive Analysis of Respondents on Profitability of MSMEs

S/ N	VARIABLES	5A 6		A 5		FA 4		FD 3		D 2		SD 1		$\bar{x}$	STD.
		F	P	F	P	F	P	F	P	F	P	F	P		
1	Profitability is an income generated on business activity over a specific period.	65	36.1	45	25.0	30	16.7	20	11.1	20	11.1	00	00	4.66	1.35
2	Covid-19 Pandemic hindered meet up the expected business outlay	30	16.7	40	22.2	40	22.2	30	16.7	20	11.1	20	11.1	3.83	1.57
3	Profitability of some business declined in a great extent during Covid - 19 Pandemic	38	21.1	42	23.3	35	19.4	35	19.4	30	16.7	00	00	4.13	1.38
4	Profitability of business negatively affected during Covid-19 Pandemic	58	32.2	45	25.0	20	11.1	30	116.7	20	11.1	07	3.9	4.39	1.53

Table 3 represents descriptive analysis of respondents on profitability in relation with Covid-19 pandemic situation. A combination of strongly agree, agree and fairly agree accounted for 77.8% of respondents in support of understanding profitability as an income generated on business activity over a specific period, likewise while a combination of fairly disagree, disagree ad strongly disagree accounted for 22.2% of the respondents. It indicates that mean of 4.66 and standard deviation of 1.35. Similarly, a combination of agreed respondents account for 61.1% confirmed that Covid-19 pandemic hindered meet up the expected business outlay while 39.9% disagreed with the statement despite mean and standard deviation remarkably stand at 3.83 and 1.57 respectively. The table also reveals that profitability of businesses declined in a great extent during Covid-19 pandemic as a combination of agree responses account for 63.8% while disagreed responses accounted for 36.2% while disagreed responses accounted for 36.2%, while mean and standard deviation respectively stand at 4.13 and 11.38. Meanwhile the table reliably indicated that profitability of businesses were negatively affected during Covid-19 pandemic as a combination of agreed responses accounted for 68.3% while disagreed responses accounted for 31.7% whereas mean and standard deviation accounted for 4.39 and 1.53 respectively.

Table 4: Descriptive Analysis Of Respondents on Customer Patronage of SMEs

S/ N	VARIABLES	5A 6		A 5		FA 4		FD 3		D 2		SD 1		$\bar{x}$	STD.
		F	P	F	P	F	P	F	P	F	P	F	P		
1	Customer patronage is an act of making transactions or purchases by customers	40	22.2	42	23.2	43	23.9	25	13.9	30	16.7	00	00	4.2	1.37
2	Movement of People, goods and services hindered during Covid - 19 Pandemic	35	19.4	44	24.4	31	17.2	35	19.4	25	13.9	10	5.6	3.99	1.51
3	Business experienced lower or no patronage in a great extent during Covid - 19 Pandemic	20	11.1	54	35.6	36	20	43	23.9	17	9.4	00	00	4.19	1.36
4	Customer patronage negatively affected during Covid-19 Pandemic	37	20.6	33	18.3	35	19.4	23	12.8	27	19.0	25	13.9	3.70	1.71

Table 4 shows the descriptive statistics of respondents based on customer patronage as variable under investigation, where majority number of respondents agreed on account of 69.3% that customer patronage is an act of making transactions or purchases by customers while remaining 30.7% disagreed, and mean accounts for 4.20 while standard deviation accounts for 1.57. The table further indicated that movement of people, goods and services were hindered during Covid-19 pandemic as 58% of the respondents agreed with the statement, while 42% of respondents disagreed with mean and standard deviation at 3.99 and 1.51 respectively. Also, the table revealed that businesses experienced lower or no patronage in a great extent during Covid-19 pandemic as 66.9% of respondents agreed with the statement while the remaining 33.1% disagreed with mean and standard deviation computation of 4.19 and 1.36 respectively. In conclusion, the table showed that customer patronage negatively affected during Covid-19 pandemic as majority of respondents accounting for 62.3% agreed with the statement while remaining 37.7% disagreed, mean of 3.79 and standard deviation of 1.71. In addition, researcher represents findings and discussion based on hypothesis raised in this study to achieve the objectives of this investigation.

Hypothesis One: There is no significant relationship between customer patronage and profitability of MSMEs in the Southwestern Nigeria. Data were analyzed using the pears products movement correlation coefficient to find nature of relationship between customer patronage and profitability in the MSMEs of Southern western Nigeria.

Table 5: Summary of Pearson Product Moment Correlation Coefficient Analysis of Customer Patronage and Profitability

		Customer patronage	Profitability
Customer patronage	Person correlation	1	.872.
	Sig. (2- tailed)	180	.000
Profitability	Person correlation	.872.	1
	Sig. (2- tailed)	0.000	180

Correlation is significant at the 0.05 level

Source: Author's Computation, 2020

The result of table 5 shows a positive and strong relationship between customer patronage and profitability ($r = .872$, $p < .05$). The relationship is statistically significant at $p = 0.000$, and less than the level of significance 0.05 adopted for the study. This implies that as customer patronage increases, profitability also increases. Therefore, the null hypothesis (H_0) which states that there is no significant relationship between customer patronage and profitability is hereby rejected.

H02: There is no significant effect of Covid-19 pandemic to the prediction of customer patronage of MSMEs in South- western Nigeria.

Table 6: Summary of Regression Analysis of effect of Covid-19 Pandemic on Customer Patronage (N= 180)

Independent Variable	Standardized coefficients	t- values
Covid-19 pandemic	.273	6.635
R	.953	
R ²	.908	
Adjusted R ²	.905	
F	12.725	
N	180	

Source: Author's computation from Field Survey Result (2020)

The result of table 6 indicated that Covid-19 pandemic significantly predicted customer patronage of MSMEs ($R = .953$; $R^2 = .908$, R^2 (adj) = .905; $F(1, 180) = 12.725$; $P < 0.05$). This revealed that 90.8% of the variations in customer patronage of MSMEs were accounted for by Covid-19 pandemic. Therefore, null hypothesis is rejected. The finding implies that Covid-19 pandemic affected customer patronage of MSMEs.

H03: There is no significant effect of Covid-19 pandemic on profitability of MSMEs.

Table 7: Simple Regression Analysis of the Prediction of the Profitability of MSMEs by Covid-19 Pandemic.

Independent Variable	Standardized coefficients	t- values
Covid-19 pandemic	.753	8.301
R	.929	
R ²	.863	
Adjusted R ²	.850	
F	11.087	
N	180	

Source: Author's computation from Field Survey Result (2020)

The result in table 7 shows that Covid-19 pandemic significantly affected profitability of MSMEs ($R = .929$; $R^2 = .863$, R^2 (adj) = .850; $F(1, 180) = 11.087$; $P < 0.05$). This indicated that 86.3% of the variation in profitability of MSMEs were accounted for by Covid-19 pandemic. The null hypothesis is therefore rejected

because there was significant effect of Covid-19 pandemic on profitability of MSMEs. The finding implies that Covid-19 pandemic predicts profitability of MSMEs.

Hypothesis: Covid-19 pandemic does not have significant impact on business performance of MSMEs.

Table 8: Summary of Multiple Regression Analysis of Effect of Covid-19 Pandemic on Business Performance.

Model		B	
R	.778		
R ²	.605		
Adjusted R ²	.598		
(Constant)		2.314	.008
Customer patronage		2.128	.000
Profitability		.498	.000

The result of the regression presented in table 8 shows that R squared value significantly indicated 60.6%. This means that the model which includes customer patronage and profitability explained about 61% of the variance in perceived Covid-19 pandemic situation. Specifically, the result of regression as presented in table 8 tested two variable of business performance. Thus, result shows that there is significant effect of Covid-19 pandemic on customer patronage, such that a unit increases in perceived Covid-19 pandemic caused about 2.128 unit decreased in perceived customer patronage which was statistically significant at one percent going by the value (.000). Likewise, there is a positive effect of Covid-19 pandemic on profitability such that a unit increase in it induced about .493 unit decrease in profitability which was statistically significant at 1% going by the P value (.000).

DISCUSSION OF THE FINDINGS

The result of hypothesis one indicated that Covid-19 significantly affected customer patronage of MSMEs. This means that restriction in movement of people, goods and services as a result of lock down may have been a barrier to customer patronage as observed by Ayinla and Victor (2020) and more importantly that Corona Virus pandemic affected worldwide economy in many ways particularly through supply and demand sides of MSMEs. This finding however corroborated prediction of WTO (2020) That a decline in the volume of global merchandise trade during the pandemic, as Mckinsey (2020) pinpoints that Covid-19 pandemic is causing havoc

situation across the globe on business climate and likely to leave an indelible impact in the MSMEs. The result from the test of hypothesis two shows Covid-19 pandemic significantly effected profitability of MSMEs. This finding conforms to Ayila and Victor (2020) that monthly profit of SMEs dropped with majority of 56.3% during the Covid-19 pandemic. This may be attributed to low or no patronage, particularly as there may be reduction in the demand of product or services of the most MSMEs in Southern Western Nigeria. However, the finding is in contrasts with other studies as Onor (2020) who found out that medical services and products were generating higher demand and profit during the Covid-19 pandemic. Likewise, investigation of Oluwawapelumi (2020) revealed that there were pressures on agricultural services and food productions as well Information communication technology services during the Corona Virus pandemic in Nigeria. The implication of findings is that demand- side is on increase of generating more profits. Nevertheless, this study reveals that out-break of Covid-19 pandemic seriously affected MSMEs through strategy put in place for its spread curtailment, such as lockdown of socio-economic activities which facilitate restriction of movement of people, goods and services and also hindered customer patronage with general impact of reduction in profitability.

CONCLUSION AND RECOMMENDATIONS.

This study looks at impact of Covid-19 pandemic on customer patronage and profitability of MSMEs in the Southern Western Nigeria. The result of the study showed that negative impact of the Covid-19 pandemic has threatened the growth of MSMEs in Nigeria. Despite, MSMEs are considered as veritable means of stimulating and promoting economic growth due to their potential core values of creating endless employment opportunities, production of economic outputs in area of goods and services and income generation at all levels. This suggests that MSMEs need greater government intervention due to the pandemic. The study recommends that Nigerian government should provide palliative measures for the owners/operators of MSMEs, especially by reviewing existing contracts of loan facility on behalf of MSMEs, through renegotiation of loan agreement by seeking moratorium adjustment intervention or relief programmes of loan holiday schemes. Also, government should endeavor to extend intervention in the area of managerial capabilities and technical competency to support and aid customer relationship management. Also, effort should be made by the Nigerian government to support MSMEs by creating intermediary support institutions to provide information communication technology between MSMEs and customers in area of standard and quality marketing issues and business planning and development in the Covid-19 era. More importantly that MSMEs should also be open to innovative changes and advancement in technology to accommodate prevailing challenges. Furthermore, government should help and assist in welfare package for employees on the payroll of MSMEs in sustaining their work force as well as their general well-being.

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