

## Economic Shocks and SME Performance: Survey Evidence on Covid-19's impact in Southeastern Nigeria

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### Abstract

*This study investigates the impact of COVID-19-induced economic shocks on the performance of Small and Medium Enterprises (SMEs) in Southeastern Nigeria, with a focus on urban commercial centers in Anambra State. Using a survey research design, data were collected from 300 randomly selected SME owners through structured questionnaires and semi-structured interviews. Descriptive statistics and thematic analysis were employed to examine the effects of the pandemic on business operations, revenue, supply chains, and financial stability. Findings indicate that COVID-19 had a significant adverse effect on SME performance, with 36.7% of respondents reporting very high negative impacts and 31.7% experiencing severe revenue declines. Operational disruptions were mainly due to reduced customer demand (33.3%) and supply chain delays (30.0%), while financial difficulties included diminished cash flow, liquidity, and access to capital. SMEs responded with coping strategies such as digital/online sales (30.0%) and cost-cutting measures (28.3%), although government and institutional support was perceived as only moderately effective. The study underscores the vulnerability of SMEs to economic shocks and highlights the need for proactive business continuity planning, targeted external support, and capacity-building initiatives to enhance resilience against future crises.*

**Keywords:** COVID-19 pandemic, Small and Medium Enterprises, Economic shocks, Business performance, Southeastern Nigeria.

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## **Introduction**

Small and medium-sized enterprises (SMEs) play a central role in Nigeria's economic development, contributing substantially to employment generation, poverty reduction, and GDP growth (SMEDAN & NBS, 2020). Despite their importance, Nigerian SMEs operate in a challenging business environment characterized by limited access to finance, infrastructural deficits, and policy inconsistencies. These constraints weaken their capacity to withstand disruptions caused by economic shocks (Herr & Nettekoven, 2017).

The COVID-19 pandemic triggered one of the most severe global economic shocks in recent history, causing supply chain disruptions, reduced consumer demand, business closures, and liquidity crises. SMEs in Nigeria were particularly affected due to lockdown measures, movement restrictions, and market shutdowns, which directly disrupted production, sales, and profitability (Ameji, Taiga & Amade, 2020).

Empirical studies indicate that Nigerian SMEs experienced significant declines in revenue, increased operating costs, and challenges in accessing raw materials during the pandemic. For example, findings from Delta State highlighted reductions in profitability and customer patronage (Onyema et al., 2020), while research in Lokoja reported severe cash-flow problems and elevated risks of firm closure (Ameji et al., 2020). COVID-19 also exacerbated longstanding financing challenges, leaving many SMEs vulnerable to insolvency (Josiah, Bosun-Fakunle, Ekundayo & Odhigu, 2024).

Moreover, the crisis exposed the limited preparedness of many SMEs for economic shocks. Only a small proportion adopted digital technologies or strategic adaptation measures, reflecting broader structural weaknesses in the sector (Uzozie & Ogbuehi, 2021). While some firms implemented innovative survival strategies, many lacked the managerial and financial capacity to adapt proactively.

Although research on COVID-19's effects on SMEs in Nigeria is growing, there is limited empirical evidence specifically focused on Southeastern Nigeria, a region with a vibrant commercial culture and a high concentration of micro and small enterprises. The region's economy, dominated by trade, manufacturing, and services, suggests that SMEs may have been uniquely impacted by disruptions to mobility, supply chains, and market systems.

This study, therefore, seeks to provide survey-based evidence on how COVID-19-related economic shocks affected SME performance in Southeastern Nigeria. By examining the extent, nature, and channels of the pandemic's impact, the research aims to fill a regional knowledge gap and generate insights that can guide policy formulation, SME support programs, and future crisis-management strategies.

## **Statement of the Problem**

In an ideal scenario, SMEs in Southeastern Nigeria would operate in a stable economic environment characterized by reliable supply chains, steady consumer demand, access to finance, and predictable market conditions. Under such circumstances, SMEs would be able to grow, maintain profitability, generate employment, and contribute significantly to regional economic development. With adequate institutional support, they could withstand moderate shocks and sustain operations without severe disruptions.

However, the COVID-19 pandemic created an unexpected and severe economic shock that disrupted the normal functioning of SMEs. Many enterprises in Southeastern Nigeria experienced sharp declines in sales, temporary or permanent closures, supply chain breakdowns, cash-flow shortages, and rising operational costs. Access to credit became increasingly difficult, consumer demand dropped significantly, and movement restrictions further constrained business activities. Pre-existing vulnerabilities, including inadequate savings, limited digital capacity, and weak crisis-management structures, exacerbated these effects, leading to a significant deterioration in SME performance.

Without effective interventions, SMEs in the region may continue to face long-term instability and declining performance. Persistent financial constraints, reduced production capacity, and weakened market competitiveness could result in widespread business failures. Unemployment may rise as firms downsize or close, and regional economic growth could stagnate or decline. Moreover, without stronger resilience mechanisms, SMEs will remain highly vulnerable to future economic shocks, hindering the region's ability to recover from subsequent crises.

### **Objectives of the Study**

The primary purpose of this study is on economic shocks and SME performance: survey evidence on covid-19's impact in southeastern Nigeria. The specific objectives of the study are to:

- i. To examine the extent to which COVID-19 economic shocks affected the performance of SMEs in Southeastern Nigeria.
- ii. To identify the major channels through which the pandemic disrupted SME operations, including supply chains, demand levels, and financial stability.
- iii. To assess the coping strategies adopted by SMEs and evaluate the effectiveness of government or institutional support during the COVID-19 crisis in Southeastern Nigeria.

### **Research Questions**

The study provided answers to the following research questions.

- i. To what extent did the COVID-19 economic shock affect the performance of SMEs in Southeastern Nigeria, particularly in terms of sales, profitability, cash flow, employment, and access to essential inputs?
- ii. What factors contributed to the vulnerability or resilience of SMEs in Southeastern Nigeria during the COVID-19 pandemic, and how did these factors vary across sectors and firm characteristics?
- iii. What coping and adaptation strategies did SMEs in Southeastern Nigeria employ in response to the COVID-19 shock, and how effective were these strategies in sustaining business operations and facilitating recovery?

## **Statement of Hypotheses**

The following hypotheses in null form ( $H_0$ ) guided this study

- i. The COVID-19 economic shock did not have a significant effect on the performance of SMEs in Southeastern Nigeria in terms of sales, profitability, cash flow, employment, and access to inputs.
- ii. Firm characteristics, sectoral differences, financial capacity, and access to support mechanisms did not significantly influence the vulnerability or resilience of SMEs in Southeastern Nigeria during the COVID-19 pandemic.
- iii. Coping and adaptation strategies employed by SMEs in Southeastern Nigeria during the COVID-19 shock did not have a significant effect on sustaining business operations or facilitating recovery.

## **Literature review**

### **Conceptual Review**

#### **Concept of SME Performance**

SME performance refers to the extent to which small and medium enterprises achieve their business objectives over time. It encompasses both financial outcomes—such as profitability, revenue growth, and market share—and non-financial dimensions, including innovation, operational efficiency, human capital development, and competitiveness. As such, SME performance is a multidimensional construct rather than a single measurable indicator (Wall, 2021).

Internal capabilities play a critical role in shaping SME performance. In particular, strategic innovation in products, processes, and business models enhances both market positioning and financial outcomes. Firms that actively innovate tend to outperform less innovative counterparts. Additionally, strong human capital, managerial competence, and organizational culture foster adaptability, knowledge sharing, and continuous improvement, all of which contribute to sustained performance (Ramdan et al., 2022).

Beyond internal capabilities, access to finance remains a key determinant of SME performance. Financial inclusion—through access to credit, banking services, and financial resources—enables firms to invest, expand operations, and maintain liquidity. Evidence from Nigeria indicates that financial inclusion significantly improves SME performance. Moreover, effective financial management practices, including cash flow control and inventory optimization, further enhance profitability and long-term sustainability (Ayunku & Pakepinene, 2023; Ahmed & Mwangi, 2022).

External environmental factors also influence SME performance. Government policies, institutional support, and market conditions shape the extent to which SMEs can leverage their internal resources. For instance, entrepreneurial orientation and marketing strategies are more effective in improving performance when supported by favorable regulatory frameworks (Ibrahim & Mustapha, 2019).

Hence, SME performance emerges from the dynamic interaction between internal resources, access to external support, and broader environmental conditions. Consequently, it cannot be fully captured by financial metrics alone; qualitative dimensions such as innovation capability, strategic agility, and adaptability are equally important. A comprehensive assessment of SME performance therefore requires integrating both quantitative and qualitative indicators to reflect the full scope of organizational effectiveness.

### **Economic Shocks and Liquidity Structure (CATAR)**

The ratio of current assets to total assets (CATAR) measures the proportion of a firm's resources held in liquid or short-term assets, such as cash, receivables, and inventories. A higher CATAR indicates a more liquid and less fixed-asset-intensive balance sheet, often associated with a conservative working-capital investment policy (Nazir & Afza, 2009; Ahmad et al., 2022).

During economic shocks, such as financial crises, recessions, or the COVID-19 pandemic, liquidity becomes critical for firm survival. Firms with higher CATAR are generally more resilient, as they possess greater flexibility to meet short-term obligations and absorb disruptions. Empirical evidence from manufacturing firms on the Tehran Stock Exchange during the COVID-19 period shows that firms increased their holdings of current assets and liquidity ratios in response to heightened uncertainty (Hosseini & Golmohammadi, 2023). This behavior suggests that firms strategically adjust their asset structures to buffer against cash flow volatility, supply-chain disruptions, and demand shocks.

However, maintaining a high proportion of current assets may involve trade-offs. In stable economic conditions, excessive investment in liquid assets can limit long-term profitability, as fewer resources are allocated to productive fixed assets. Therefore, the optimal level of CATAR is context-dependent: higher levels enhance resilience during periods of uncertainty, while lower levels may support growth and efficiency during stable periods.

### **Supply-Chain Disruption and SME Performance**

Supply-chain disruption refers to interruptions in the flow of inputs, goods, and services required for business operations. During the COVID-19 pandemic, containment measures such as lockdowns, transport restrictions, and border closures significantly disrupted supply networks, leading to delays in procurement, increased input costs, and reduced production capacity for many small and medium enterprises (SMEs). These disruptions were particularly severe in developing economies, where SMEs often depend on fragile logistics systems and limited supplier networks.

Empirical evidence shows that firms exposed to high supply-chain risk tend to adjust their working capital positions in response to uncertainty. For instance, firms increase inventory and other short-term asset holdings to buffer against supply instability and operational disruptions (Huynh & Le, 2024). In Southeastern Nigeria, where SMEs rely heavily on informal and localized supply chains, such disruptions translated into inventory shortages and operational inefficiencies.

These responses are closely linked to liquidity management. Firms may increase their proportion of current assets relative to total assets—captured by CATAR—as a way of maintaining flexibility and ensuring continuity of operations. A higher CATAR in this context enhances the firm’s ability to absorb supply shocks and meet short-term obligations (Belay Mengstie et al., 2024). However, this adjustment involves trade-offs, as greater allocation to current assets may reduce investment in productive fixed assets, thereby constraining long-term growth.

### **Financial Stability and SME Performance**

Financial stability refers to a firm’s ability to sustain its financial operations, meet obligations, and withstand economic shocks without significant disruption. For SMEs, financial stability is particularly critical due to their limited access to external financing and lower financial resilience.

The COVID-19 pandemic adversely affected the financial stability of many SMEs by reducing revenues, disrupting cash flows, and increasing uncertainty. These challenges made it difficult for firms to cover operating expenses and maintain business continuity. Evidence suggests that firms with stronger liquidity positions are better able to absorb such shocks and maintain operational stability (Liu et al., 2024).

Liquidity indicators, such as the ratio of current assets to total assets (CATAR), provide insight into a firm’s ability to withstand financial stress. Firms with higher CATAR are generally more capable of meeting short-term obligations and avoiding financial distress, thereby enhancing stability (Sudiyatno et al., 2017). However, while a higher CATAR supports short-term resilience, excessive investment in current assets may reduce profitability and overall firm value due to underinvestment in long-term productive assets (Sudiyatno et al., 2017). Thus, financial stability depends on a balance between maintaining sufficient liquidity and ensuring efficient asset utilization.

### **Coping Strategies and SME Resilience**

Coping strategies refer to the actions taken by firms to mitigate the adverse effects of economic shocks and sustain operations during crises. During the COVID-19 pandemic, SMEs adopted various strategies, including cost reduction, operational restructuring, digital adoption, and adjustments in financial management practices.

A key coping mechanism observed among firms is the shift toward liquidity preservation. Evidence indicates that firms increased their holdings of current assets, cash reserves, and working capital components during the pandemic as a response to heightened uncertainty and constrained access to external finance (Tarighi et al., 2024). This behavior aligns with the liquidity preference theory, which suggests that firms prioritize liquid assets during periods of risk.

Maintaining higher levels of current assets reflected in an increased CATAR enhances firms’ ability to meet short-term obligations, manage disruptions, and avoid financial distress. Empirical studies show that firms adopting conservative working-capital policies are more likely to sustain operations and experience lower levels of financial distress during crises (Sibindi, 2022; Struwig & Watson, 2021).

However, such strategies involve trade-offs. While they improve short-term resilience, they may limit long-term growth by diverting resources away from investment opportunities. Therefore, the effectiveness of coping strategies depends on how well SMEs balance immediate survival with future performance objectives (Chang et al., 2025).

### **Government and Institutional Support**

Government and institutional support plays a significant role in mitigating the impact of economic shocks on SMEs. Such support includes financial assistance, subsidies, credit facilities, and policy interventions designed to enhance business resilience during crises.

Institutional frameworks influence how firms manage their financial resources, including working capital. Evidence suggests that firms operating in supportive institutional environments tend to adopt more conservative liquidity strategies, maintaining higher levels of current assets to safeguard against uncertainty (Anton et al., 2022). This implies that institutional support can indirectly influence CATAR by enabling firms to sustain higher liquidity levels.

Additionally, firms that receive direct government support, such as subsidies or access to credit—are better positioned to maintain working capital and avoid severe operational disruptions. Such support reduces financial constraints and enhances firms' ability to manage short-term obligations (Chen et al., 2025).

However, some studies argue that excessive reliance on institutional support may reduce incentives for efficient resource allocation, potentially leading to over-accumulation of current assets and reduced operational efficiency (Assagaf & Ali, 2017). Therefore, while government support enhances resilience, its effectiveness depends on proper implementation and firm-level financial discipline.

### **Theoretical Review**

This study was theoretically underpinned on Dynamic Capabilities Theory (DCT)

#### **Dynamic Capabilities Theory (DCT)**

Dynamic Capabilities Theory (DCT) explains that a firm's ability to sense, seize, and reconfigure resources in response to environmental changes determines its performance and survival. It argues that organisations operate in unpredictable environments, and only those that can quickly adapt, innovate, and restructure their operations are able to sustain performance. DCT emphasizes that competitive advantage does not come from resources alone but from the capabilities to continually adjust and transform those resources as conditions change.

#### **Relevance to the Study**

- i. SMEs needed dynamic capabilities to respond to disruptions in supply chains, demand, and operations.
- ii. Some SMEs survived or even adapted successfully, while others collapsed. DCT accounts for this variation based on adaptability.

- iii. The theory aligns with how SME owners restructured processes, adopted digital technologies, managed cash flow, and diversified products during COVID-19.
- iv. DCT highlights how the ability to innovate and adjust operations enhances SME resilience during crises.
- v. Insights from DCT show that government support should strengthen SMEs' adaptive capabilities, not just provide financial relief.

### **Empirical Review**

Josiah et al. (2024) evaluated how COVID-19 affected the working-capital structure of SMEs in Nigeria and found significant declines in inventory levels, receivables, payables, and cash flows. Their findings indicate that liquidity constraints intensified during the pandemic, limiting firms' ability to sustain operations, meet short-term obligations, and maintain stable production cycles under sudden economic shocks.

Isaac et al. (2022) examined the performance of SMEs in Delta State during the COVID-19 pandemic and reported substantial reductions in profitability, customer patronage, and product availability. Their evidence shows that the pandemic disrupted supply chains, weakened market demand, and eroded revenue streams, collectively contributing to severe performance downturns for small businesses coping with widespread economic uncertainty.

Ekaniyere et al. (2024) investigated the effects of COVID-19 containment measures on small-scale enterprises in Edo State and concluded that movement restrictions and social-distancing policies impaired forecasting, budgeting, and operational planning. Their study shows that these constraints created unpredictability, reduced business activity, and hindered firms' ability to maintain consistent customer engagement and production efficiency during the health-induced economic shock.

Ajayi et al. (2024) studied SMEs in Akure Metropolis and revealed that direct pandemic pressures, lockdown regulations, and social-distancing requirements significantly decreased business output, sales, and profitability. Their findings emphasize that these disruptions limited customer interactions and operational capacity, underscoring the need for SMEs to adopt adaptive customer-management strategies and strengthen resilience amid crisis-related uncertainties.

Balogun et al. (2023) assessed the impact of COVID-19 lockdown measures on SMEs in Anyigba, Kogi State, discovering widespread business closures, reduced workforce participation, lower production levels, and declining household consumption. Their results show that prolonged restrictions severely constrained business continuity, weakened local economic activity, and exposed SMEs to financial vulnerability with limited government support available for recovery.

Sajuyigbe et al. (2021) explored the consequences of COVID-19 on small businesses in Lagos State and found substantial declines in sales, production, and revenue. Their study highlights that operational disruptions and reduced customer demand heightened financial stress for firms, emphasizing the critical role of credit access, tax relief, and government palliative interventions in helping SMEs withstand pandemic-related economic shocks.

## Methodology

### Research Design

The study adopted a survey research design. This design was appropriate because it enabled the researcher to collect quantitative and qualitative data from owners and managers of Small and Medium Enterprises (SMEs) regarding the impact of COVID-19 economic shocks on their business performance. The survey method also allowed for the collection of information from a large population within a relatively short period.

### Setting of the Study

The study was conducted in Southeastern Nigeria, specifically focusing on urban commercial centers within Anambra State. These areas were selected because they experienced significant economic disruptions during the COVID-19 lockdowns and host a high concentration of SMEs.

### Population

The target population consisted of registered SME owners in Onitsha North Local Government Area of Anambra State. According to the local business registry, a total of 1,200 SME owners constituted the study population.

### Sample Size Determination

The sample size was derived using the Taro Yamane (1967) formula:

$$n = \frac{N}{1+N(e)^2}$$

Where:

$$N = 1200$$

$$e = 0.05$$

$$n = \frac{1200}{1+1200(0.05)^2} = \frac{1200}{1+1200(0.0025)} = \frac{1200}{1+3} = \frac{1200}{4} = 300$$

Thus, the sample size for the study was **300 SME** owners.

### Sampling Technique

A simple random sampling technique was used to ensure that every SME owner in the population had an equal chance of being selected. A complete sampling frame of all registered SMEs in Onitsha North was obtained, and 300 participants were randomly selected using a lottery method.

### Instrument for Data Collection

Data were collected using a structured questionnaire, which contained closed-ended and Likert-scale items designed to obtain information on how COVID-19 economic shocks affected SME operations, sales performance, supply

chains, and financial stability. An interview guide was also employed to gather more detailed insights from selected respondents.

### Validity of the Instrument

The instruments underwent content and face validation. Experts in economics, business administration, and measurement/evaluation reviewed the questionnaire and interview guide to ensure clarity, relevance, and adequacy of the items. All suggested corrections were incorporated into the final instruments.

### Reliability of the Instrument

A pilot study involving 20 SME owners outside the study area was conducted to determine reliability. Responses from the pilot test were analyzed using Cronbach's Alpha, which produced a coefficient of 0.82, indicating that the instrument was reliable for the study.

### Method of Data Collection

Data were collected through survey and interview methods. The researcher administered the questionnaires physically and retrieved them upon completion. Semi-structured interviews were also conducted with 15 purposively selected SME owners to complement the quantitative data. All COVID-19 safety measures were observed.

### Method of Data Analysis

Data collected through the questionnaire were analyzed using descriptive statistics, specifically frequency tables, percentages, and mean scores. These methods helped summarize respondents' demographic characteristics and their perceptions of COVID-19's impact on SME performance. Interview responses were analyzed thematically to provide qualitative support for the quantitative findings.

### Data Presentation and Analysis

**Table 1: To what extent did the COVID-19 pandemic affect the overall performance of your business?**

Options / Responses	Frequency (n=300)	Percentage (%)
Very high extent	110	36.7%
High extent	90	30.0%
Moderate extent	60	20.0%
Low extent	30	10.0%
No extent	10	3.3%
<b>Total</b>	<b>300</b>	<b>100%</b>

**Source: Field Survey, 2026**

This table illustrates the respondents' views on the extent to which COVID-19 affected the overall performance of their businesses. A significant proportion of the respondents, accounting for 36.7%, indicated that the pandemic impacted their business performance to a very high extent, while 30.0% reported a high extent of impact.

Furthermore, 20.0% of the respondents experienced a moderate effect, whereas 10.0% stated that the influence of COVID-19 was to a low extent. Only 3.3% of the respondents indicated that the pandemic did not affect their business performance at all. Overall, the results suggest that COVID-19 had a substantial negative effect on the performance of most SMEs in the study area.

**Table 2: How significantly did your business revenue decline during the COVID-19 period?**

Options / Responses	Frequency (n=300)	Percentage (%)
Above 70% decline	85	28.3%
50%–70% decline	95	31.7%
30%–49% decline	70	23.3%
Below 30% decline	35	11.7%
No decline	15	5.0%
<b>Total</b>	<b>300</b>	<b>100%</b>

**Source: Field Survey, 2026**

This table illustrates the respondents’ views on the extent of revenue decline experienced by SMEs during the COVID-19 period. A considerable proportion of the respondents, representing 31.7%, reported that their businesses suffered a revenue decline of between 50% and 70%, while 28.3% indicated that their revenue fell by over 70%. Additionally, 23.3% of the respondents experienced a decline of 30% to 49%, whereas 11.7% reported a reduction of less than 30%. Only 5.0% of the respondents stated that they did not experience any decline in revenue. These findings suggest that most SMEs witnessed substantial revenue losses as a result of the pandemic, highlighting the severity of its economic impact on small businesses in Southeastern Nigeria.

**Table 3: Which of the following operational areas was most affected in your business during the COVID-19 lockdown?**

Options / Responses	Frequency (n=300)	Percentage (%)
Supply chain delays	90	30.0%
Reduced customer demand	100	33.3%
Increased cost of inputs	50	16.7%
Difficulty in accessing credit	40	13.3%
Staff shortages	20	6.7%
<b>Total</b>	<b>300</b>	<b>100%</b>

**Source: Field Survey, 2026**

This table illustrates the respondents’ views on the operational areas most affected by the COVID-19 lockdown. The largest proportion of respondents, 33.3%, reported that reduced customer demand was the most significant disruption to their business operations, followed closely by supply chain delays, which affected 30.0% of SMEs. Increased cost of inputs impacted 16.7% of the businesses, while 13.3% of respondents experienced difficulties in accessing credit. Staff shortages were the least cited challenge, affecting only 6.7% of the respondents. Overall, the findings indicate that the pandemic primarily disrupted demand and supply chain operations, highlighting the areas where SMEs were most vulnerable during the crisis.

**Table 4: How would you rate the impact of COVID-19 on your business’s financial stability (cash flow, access to capital and liquidity)?**

Options / Responses	Frequency (n=300)	Percentage (%)
Very high impact	95	31.7%
High impact	85	28.3%
Moderate impact	70	23.3%
Low impact	35	11.7%
No impact	15	5.0%
<b>Total</b>	<b>300</b>	<b>100%</b>

**Source: Field Survey, 2026**

This table illustrates the respondents’ views on the impact of COVID-19 on their business’s financial stability. A significant portion of the respondents, 31.7%, indicated that the pandemic had a very high impact on their cash flow, access to capital, and overall liquidity, while 28.3% reported a high impact. Additionally, 23.3% of respondents experienced a moderate impact, and 11.7% reported a low impact on their financial stability. Only a small minority of 5.0% stated that COVID-19 had no effect on their business finances. These findings suggest that the majority of SMEs faced substantial financial challenges during the pandemic, highlighting the vulnerability of small businesses to economic shocks.

**Table 5: Which coping strategy did your business rely on most during the COVID-19 crisis?**

Options / Responses	Frequency (n=300)	Percentage (%)
Cost-cutting measures	85	28.3%
Temporary business closure	50	16.7%
Digital/online sales adoption	90	30.0%
Diversifying products/services	45	15.0%
Borrowing from informal/formal sources	30	10.0%
<b>Total</b>	<b>300</b>	<b>100%</b>

**Source: Field Survey, 2026**

This table illustrates the respondents’ views on the coping strategies adopted by SMEs during the COVID-19 crisis. The largest proportion of respondents, 30.0%, reported that their businesses relied primarily on adopting digital or online sales, while 28.3% implemented cost-cutting measures to survive the economic shock. Temporary business closure was reported by 16.7% of SMEs, and 15.0% diversified their products or services as a coping strategy. Only 10.0% of respondents borrowed from informal or formal sources to manage the crisis. Overall, these findings indicate that SMEs adopted a combination of cost management and digital transformation strategies to mitigate the adverse effects of the pandemic.

**Table 6: How effective was government or institutional support (loans, grants, tax relief, training) in helping your business survive the crisis?**

Options / Responses	Frequency (n=300)	Percentage (%)
Very effective	40	13.3%
Effective	70	23.3%
Moderately effective	100	33.3%
Slightly effective	60	20.0%
Not effective at all	30	10.0%
<b>Total</b>	<b>300</b>	<b>100%</b>

**Source: Field Survey, 2026**

This table illustrates the respondents' views on the effectiveness of government and institutional support during the COVID-19 crisis. A third of the respondents, 33.3%, perceived the support as moderately effective, while 23.3% considered it effective. Only 13.3% believed the support was very effective in helping their businesses survive the pandemic. On the other hand, 20.0% of respondents described the assistance as slightly effective, and 10.0% indicated that it was not effective at all. Overall, the findings suggest that while government and institutional interventions provided some relief, a majority of SMEs considered these measures only moderately helpful in mitigating the adverse effects of the pandemic.

### Summary of Findings, Conclusion and Recommendations

#### Summary of Findings

The following summarizes the key findings:

- i. The results indicate that the COVID-19 pandemic had a substantial adverse effect on SME performance in Southeastern Nigeria. A significant proportion of respondents (36.7%) reported that their businesses were affected to a very high extent, while 30.0% indicated a high extent of impact. In contrast, only 3.3% reported no effect. This suggests that the pandemic caused widespread disruptions to SME operations and profitability across the region.
- ii. The findings further show that the pandemic disrupted SME operations mainly through reduced customer demand (33.3%) and supply chain delays (30.0%). Additional challenges included increased input costs and limited access to credit facilities. Financially, many SMEs experienced severe strain, with 31.7% reporting very high impacts on cash flow, liquidity, and capital access. These results underscore that both operational disruptions and financial constraints were critical channels through which COVID-19 affected SMEs.
- iii. In response to these challenges, SMEs adopted various coping strategies, with digital or online sales (30.0%) and cost-cutting measures (28.3%) being the most prevalent. Other strategies such as temporary closures, product diversification, and borrowing were less commonly utilized. Regarding external support, only 13.3% of respondents rated government and institutional interventions as very effective, while 33.3% considered them moderately effective. This suggests that although SMEs demonstrated resilience through adaptive strategies, external support mechanisms were only moderately impactful.

## **Conclusion**

The findings of this study indicate that the COVID-19 pandemic had a profound negative impact on the performance of Small and Medium Enterprises (SMEs) in Southeastern Nigeria. Most respondents reported significant declines in business performance, with revenue losses and operational disruptions affecting critical areas such as customer demand, supply chains, and financial stability. This highlights the high vulnerability of SMEs to economic shocks and underscores the fragility of small businesses in the face of sudden and widespread crises.

Evidence from the study further shows that SMEs adopted various coping strategies to navigate the challenges posed by the pandemic. Among these, digital or online sales adoption and cost-cutting measures were the most widely utilized, while strategies such as temporary closure, product diversification, and borrowing were less common. Although these responses demonstrate a degree of resilience and adaptability, their effectiveness largely depended on the availability of resources, managerial capacity, and the timeliness of implementation.

In addition, the role of government and institutional support in mitigating the impact of the pandemic was found to be limited. While some SMEs benefited from interventions such as loans, grants, tax relief, and training programs, a considerable proportion of respondents perceived these measures as only moderately effective. This suggests the need for more accessible, well-targeted, and impactful support systems. Overall, strengthening both internal adaptive capacity and external support frameworks is essential for enhancing SME resilience and ensuring sustainable growth in the face of future economic shocks.

## **Recommendations**

Based on the findings of this study, the following recommendations are proposed:

- i. SMEs must develop strategic business continuity plans incorporating risk management, revenue diversification, and digital adoption for sales and operations. Such measures will enhance their ability to adapt swiftly to economic shocks, minimize operational disruptions, and maintain customer engagement during crises similar to COVID-19.
- ii. Government agencies, financial institutions, and development partners should establish more accessible, timely, and targeted financial support programs for SMEs. This may include low-interest loans, grants, and emergency relief funds that can be rapidly deployed during economic shocks, enabling SMEs to maintain liquidity, manage cash flow challenges, and sustain operations under financial stress.
- iii. SME owners and managers should receive regular training in crisis management, digital marketing, financial planning, and innovative business models. Government and non-governmental organizations can facilitate workshops, seminars, and online courses to equip SMEs with the knowledge and skills necessary to navigate future disruptions and strengthen their competitiveness and long-term sustainability.

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