

# **Entrepreneurship and Business Sustainability in COVID-19 Era in Ogun State, Nigeria**

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## **Abstract**

The study examined the extent to which entrepreneurship predicts business sustainability during a challenging period of COVID-19 in Ogun State, Nigeria. A descriptive survey research design was adopted. The population of the study comprised 1,003 registered small and medium scale enterprises (SMEs) in Ogun State as of December 2020. A sample of 200 SMEs representing 19.9% of the population was selected as study sample size using the purposive sampling technique. Researcher Instrument tagged Entrepreneurship and Business Sustainability Questionnaire (EBSQ) with 0.93 was used for data collection. Mean, pie chart, and regression analysis were used. The findings revealed that entrepreneurship spirit, behaviour, resilience, creativity, quick service delivery, passion, prudence in expenditure, and digital literacy were among the entrepreneurship factors that can predict business sustainability during a challenging period of COVID-19 in Ogun State, Nigeria. It was also found out that the outbreaks of the COVID-19 pandemic have negatively affected business sustainability. Workforce reduction, engaged suppliers, reduction in business expenditure, home delivery of goods and services, employee engagement through teleworking, and maintain healthy customers relationship were among the entrepreneurship strategies that can predict business sustainability during a challenging period of COVID-19. It was recommended that the government and stakeholders

in the business organization should organize seminars and workshops for small and medium scale enterprises on the viable ways to manage COVID-19 and ensure business sustainability. The government should assist small and medium scale businesses financially by providing loans with single interest rates with long-term return rates. Government should stop importing locally made goods to a given room for local industry growth and sustainability.

**Keywords:** Entrepreneurship, Business Sustainability, COVID-19

### **Introduction**

Stakeholders in business environments have been of major concern over the years on business sustainability circumstances in developing nations, particularly Nigeria. Observations have shown that Nigeria's economy is full of circumstances affecting business growth, such as inadequate infrastructure, multiple taxations, insecurity, inadequate finance, and inconsistency in government policies and programmes. The recent situation in Nigeria's economy seems not to support business sustainability, leading to business collapse. However, business sustainability refers to the needs of the current business consumption without jeopardizing the long-term returns and benefits of such enterprises. It also encompasses the comprehensive decision and procedures that can guarantee growth and sustainable development. Nidumolu, Pralahad, and Rangaswami (2009) in Anekwe, Ndubusi-Okolo, and Uzoezie (2019) were of the views that for business enterprises to experience sustainability, it requires five stages to pass through including compliance, sustainable value chain, design of sustainable products, and development of novel business ideas and establishment of new practice outlets. The significance of these stages is to ensure business remained in the competitive market environment and develop the purpose of profit-making. Business sustainability encompassed the ability both in finance, creative ideas, and effective management of human capital to maintain growth performance in the long run overtime.

However, the outbreaks of COVID-19 pandemic in the world have posed severe challenges to business sustainability, particularly on employee engagement at the workplace seems to have experienced a reduction during this challenging period. Observations have shown that

several measures were put in place by the government to curb the spread of the virus. These measures include the lockdown of businesses, companies, schools, markets, among others. Only those on essential goods and services were allowed to work during this period. Nigeria recorded its COVID-19 first case on 27th February 2020 in Lagos State from an Italian citizen who just returned from Italy to Nigeria. Since the first case was recorded, the number of positive cases of the virus began to increase. The stakeholders in the business environment in the world, particularly in Nigeria, have begun to search for innovative ways to keep their businesses growing during a challenging period like the current COVID-19 pandemic. Ruiz-Rosa, Gutiérrez-Tano, and García-Rodríguez (2020) believed that entrepreneurship might contribute to business sustainability during a challenging period. That is, the ability to diversify business enterprises in innovative ways of engaging with customers. Business enterprises that can diversify their mode of operations might have some opportunities over their counterparts who failed to do so, and sustainability issues will not be a mirage.

Entrepreneurship can embrace the new development of novel ideas and services that can satisfy society's needs. Entrepreneurship might ensure business sustainability through a character of business mindset and positive preference to involve in a novel concept of products and services that can satisfy the needs of society. An entrepreneur embedded with entrepreneurial skills might provide direct support and buffering the indirect circumstances associated with COVID-19 challenges. However, such supports include effective planning, positive emotional, innovative ideas, and frugality behaviours. This suggests that a good entrepreneur will focus on sustaining the business and other opportunities demanded by members of society during a challenging period. Observations have shown that entrepreneurs, through the entrepreneurship process, can develop new products to make the good out of prevalent conditions (Ratten, 2020). Adebayo et al. (2020) have found out that during the peak of the COVID-19 pandemic in Nigeria, businesses have experienced a reduction in company cash inflow, customers patronage, increases in customers debt, disruptions in the company supply chain, slowdown the rates of business transaction and increase employees pay-cut, disruption in companies' productivities and supplies, reduction in companies' sales volume as well as a reduction in profitability index. However, the authors failed to capture the extent to

which entrepreneurship could predict business sustainability, particularly in Ogun State, Nigeria.

Despite government policies on business survival and sustainability in Nigeria, different government agencies have recorded the issues of business collapse. Opinion poll has suggested that Nigeria's economic environment might not be suitable for new business sustainability, especially for entrepreneurs who might lack entrepreneurial behaviours. The outbreaks of COVID-19 pandemic even made Nigeria's business environment problematic for the government and stakeholders in the industry. Business enterprises and big organizations have felt the effects of COVID-19 by reducing employee salary, sacking of workers, reduction in the supply chain, and short-fall in revenue, among others. However, observations have shown that some small-scale and medium enterprises collapsed during the peak of COVID-19 due to the government's economy shut down. A good number of business enterprises failed to understand how to manage COVID-19 together with business sustainability, which could result from a lack of entrepreneurship spirits and behaviours. These ugly circumstances prompted the current study to examine the extent to which entrepreneurship could guarantee business sustainability during a challenging period of COVID-19 in Ogun State, Nigeria.

The study's main objective was to examine the extent to which entrepreneurship could predict business sustainability during a challenging period of COVID-19 in Ogun State, Nigeria. Specifically, the study examined the:

- i. Entrepreneurship factors that could predict business sustainability during a challenging period of COVID-19 in Ogun State, Nigeria.
- ii. Extent to which the outbreaks of COVID-19 pandemic affect business sustainability in Ogun State, Nigeria.
- iii. Entrepreneurship strategies that could predict business sustainability during a challenging period of COVID-19 in Ogun State, Nigeria.

## **Literature Review**

In the study conducted by Ruiz-Rosa, Gutiérrez-Tano and García-Rodríguez (2020) in Spain on the likely impact of Coronavirus on entrepreneurial intention. The authors used a survey research design and found out that the outbreaks of COVID-19 drastically reduced entrepreneurial intentions in Spain. Alexander, Marianne, Zoe, Edward, Glaeser, and Christopher (2020) in New York investigated the extent to which COVID-19 influence the expectation and outcomes of small and medium businesses. They revealed that COVID-19 inversely influences small and medium businesses such as layoffs of workers, business collapse, business disruptions, and increased financial debts. Brown, Rocha, and Cowling (2020) examined financial circumstances affecting entrepreneurship during the outbreaks of COVID-19 pandemic in the United Kingdom. They found out that the reduction in the size of equity transactions in the United Kingdom could be attributed to the outbreaks of COVID-19 that prompted the government to shutdown that economy except those on essential duties. In Australia, Ratten (2020) examined the effect of COVID-19 on entrepreneurship culture, societal changes, and lifestyle. Content analysis was adopted. They found out that COVID-19 brought out some challenges facing entrepreneurs, such as the nature and uncertainty of the market environment and change in consumer's demand for goods and services.

In Nigeria, Adebayo, Clement, Mayaleeke, and Nuberu (2020) investigated how entrepreneurial success is affected by the outbreaks of COVID-19. A total of fifty-five SMEs participated in the questionnaire administration. The authors found out that entrepreneurial success was negatively affected during the peak of COVID-19 in Lagos State. Ozili (2020) investigated the contribution of COVID-19 to the economic crisis in Nigeria. The study adopted content analysis. Ozili findings revealed that the Nigerian government responded towards managing and curbing the virus not to affect the aggregate supply of the economy by providing financial assistance to businesses, not to households affected by the outbreak.

## **Theoretical Framework and Methodology**

### **Entrepreneurial Cognition Theory**

The study was based on the Entrepreneurial Cognition Theory, which Baron postulated in the year 2004. The theory stated that the success of enterprises leads to their sustainability. However, an enterprise that failed to record success in improving sales outputs and increasing customer patronage may find it difficult to remain in the competitive market environment, particularly during a challenging period. The theory's implications to the current study were based on the fact that those business activities that might survive the COVID-19 pandemic era in Nigeria must have adopted entrepreneurship spirit, behaviours, resilience, self-motivation, creativity, and service delivery.

A descriptive survey research design was adopted. This design is suitable because the people's opinions were needed towards achieving the study objectives. The population of the study comprised 1,003 registered small and medium scale enterprises (SMEs) in Ogun State as of December 2020 (Ministry of Commerce, Ogun State). A sample of 200 SMEs was selected as the study sample size using the purposive sampling technique. This represents 19.9% of the population size. The researcher Instrument tagged 'Entrepreneurship and Business Sustainability Questionnaire (EBSQ)' was used for data collection. The instrument was validated by 3 experts from the Business Education and Test and Measurement Departments of Tai Solarin University of Education. The instrument's reliability was carried out twice among 20 SMEs from Ogun East Senatorial District of Ogun State. The data collected were subjected to the Pearson Product Moment Correlation (PPMC) formula and yielded 0.89 as reliability coefficient. However, mean and pie-chart were used in answering and presenting data on research questions 1 and 3. Regression analysis was used to answer research question 2. The analyses were conducted at a 0.05 significance level.

**Decision Criteria:** Based on the cut-off point of 2.50 (strongly agree (SA) 4, agree (A) 3, disagree (D) 2, and strongly disagree (SD) 1). Any mean score equal to 2.50 or greater than 2.50 was regarded as agreed, while any items with less than 2.50 have disagreed. When the p-value is greater than the significance level ( $p > .05$ ) null hypothesis is accepted; otherwise, the hypothesis is rejected.

### **Results and Discussion**

This section presents the results of the study. Entrepreneurship factors that can predict business sustainability during a challenging period of COVID-19 in Ogun State, Nigeria.

**Table 1: Mean responses on the entrepreneurship factors that can predict business sustainability during a challenging period of COVID-19 in Ogun State, Nigeria**

Items Raised	Mean	Remarks
Spirit	3.01	Agreed
Behaviour	2.99	Agreed
Resilience	3.21	Agreed
Self-motivation	2.68	Agreed
Creativity	3.18	Agreed
Service delivery	3.20	Agreed
Passion	2.97	Agreed
Prudence	2.77	Agreed
Digital literacy	3.19	Agreed

Source: Field Survey, 2021.

Table 1 revealed that entrepreneurship spirit, behaviour, resilience, creativity, quick service delivery, passion, prudence in expenditure, and digital literacy were among the entrepreneurship factors that can predict business sustainability during a challenging period of COVID-19 in Ogun State, Nigeria.

Extent to which the outbreaks of COVID-19 pandemic affect business sustainability in Ogun State, Nigeria

**Table 2: Extent to which the outbreaks of COVID-19 pandemic, affect business sustainability in Ogun State, Nigeria**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta			
1	(Constant)	43.877	1.701	25.801	.000	
	COVID-19 pandemic	-.312	.047	.262	-6.635	.000

a. Dependent Variable: Business sustainability

Table 2 indicates that the sign of the coefficient of COVID-19 pandemic was negative. This implies that the outbreaks of the COVID-19 pandemic have negatively affected business sustainability in Ogun State,

Nigeria. However, it was shown that about -31.2% of the variance in business sustainability could be accounted for by a linear combination of the COVID-19 pandemic.

Entrepreneurship strategies that can predict business sustainability during a challenging period of COVID-19 in Ogun State, Nigeria.

**Table 3: Mean responses on the entrepreneurship strategies that can predict business sustainability during a challenging period of COVID-19 in Ogun State, Nigeria**

Items Raised	Mean	Remarks
Workforce reduction	2.81	Agreed
Engaged supplier	3.30	Agreed
Expenditure reduction	2.85	Agreed
Home delivery of goods	2.90	Agreed
Employee engagement	3.01	Agreed
Healthy customer relationship	2.95	Agreed

*Source: Field Survey, 2021.*

Table 3 indicates that workforce reduction, engaged suppliers, reduction in business expenditure, home delivery of goods and services, employee engagement through teleworking and maintaining a healthy customer relationship were among the entrepreneurship strategies that can predict business sustainability during a challenging period COVID-19 in Ogun State, Nigeria.

### **Discussion of Findings**

The findings revealed that entrepreneurship spirit, behaviour, resilience, creativity, quick service delivery, passion, prudence in expenditure, and digital literacy were among the entrepreneurship factors that can predict business sustainability during a challenging period of COVID-19 in Ogun State, Nigeria. It was also found out that the outbreaks of the COVID-19 pandemic have negatively affected business sustainability. Furthermore, workforce reduction, engaged suppliers, reduction in business expenditure, home delivery of goods and services, employee engagement through teleworking, and maintaining a healthy customer relationship were among the entrepreneurship strategies that



can predict business sustainability during a challenging period of COVID-19. The findings supported Adebayo et al. (2020), who found out that entrepreneurial success was negatively affected during the peak of COVID-19 in Lagos State. It also supported the surroundings of Ruiz-Rosa, Gutiérrez-Tano and García-Rodríguez (2020) in Spain who found out that the outbreaks of COVID-19 drastically reduced entrepreneurial intentions in Spain. Similarly, Alexander, Marianne, Zoe, Edward, Glaeser, and Christopher (2020) in New York revealed that COVID-19 inversely influences small and medium business such as layoffs workers, business collapse, business disruptions, and increase in financial debts. The findings also correlate with Brown, Rocha, and Cowling (2020), who found out that the reduction in the size of equity transactions in the United Kingdom could be attributed to the outbreaks of COVID-19.

## **Conclusion**

The outbreaks of COVID-19 have met the nations of the world unprepared. It has brought some circumstances that affected the economies of the world with particular reference to Nigeria. However, the following conclusions were drawn based on the study findings that the outbreaks of the COVID-19 pandemic negatively affected business sustainability in Ogun State. About -31.2% of the business sustainability variance was accounted for by a linear combination of COVID-19 pandemic. Based on the findings of the study, the following recommendations were made:

- i. Government and stakeholders in business organizations should organize seminars and workshops for small and medium scale enterprises on the viable ways to manage COVID-19 and ensure business sustainability.
- ii. Government should assist small and medium scale businesses financially by providing loans with single interest rates with long-term return rates.
- iii. Government should provide tax holidays for small and medium scale businesses during this period of the COVID-19 era.
- iv. Government should stop the importation of foreign-made goods to give room for local industry growth and sustainability.

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