

# Entrepreneur Resilience and SMEs Survival in A Coronavirus Economy of Delta State of Nigeria

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## Abstract

Small and medium-sized enterprises (SMEs) have shown that entrepreneur resilience is essential to their survival and success in the face of the exceptional obstacles presented by economic downturn. The purpose of this study is to give a broad overview of the critical role that entrepreneur resilience plays in guaranteeing the survival and prosperity of SMEs in these difficult times. Global economy has been rocked by the downturn, which has had dire consequences for companies of all kinds. But because of their lack of resources, tight budgets, and reliance on regional markets, SMEs have been especially exposed. Gaining knowledge of the elements that enable entrepreneurial resilience and how it affects SMEs can help develop strategies and interventions that will help ensure their long-term survival. The theory of uncertainty absorption, which contends that uncertainty is connected to economic events, is used in this study. The goal of the study was to determine how entrepreneur resilience and SMEs survival related to each other. The independent variable was measured using sub-variables such as leadership, revenue, organizational, financial, and operational resilience. The results showed that since SMEs are inherently susceptible, an entrepreneur's resilience will act as a shock absorber to ensure their survival. The author concluded by recommending the need for more research, ongoing assessment, and flexible policy approaches to support entrepreneurs and SMEs in fostering resilience and accelerating economic recovery. Resilient entrepreneurs embrace change, encourage innovation, and effectively engage their teams, maximizing their chances of not only surviving but also thriving in the face of adversity.

## Keywords

Innovation, Entrepreneur, Resilience, SMEs, Economic Downturn

## 1. Introduction

Nigeria presents an abundance of economic opportunities due to its wealth in natural and people resources. According to academics, entrepreneurship is the driving force behind a country's economic development and progress since it generates wealth, jobs, poverty alleviation, and the supply of necessities.

Few people have escaped the effects of COVID-19's onset and spread. New laws and standards have been implemented to regain trust and offer economies a fighting chance, putting governments everywhere to the test. The impact of the epidemic on entrepreneurial firms, on the other hand, has received less attention and discussion [1]. Most people's attitude to such events is to shun risk, and the period can rightly be regarded as "the worst of times" with its devastating effects on the economic downturn that the world has seen in recent memory. Contrarily, entrepreneurs are a special kind of person who, in the face of change, pivots rather than stands their ground, sees opportunities where others perceive obstacles, and finds difficulties thrilling rather than frightening. According to [1], since the crisis began, over 70% of businesses have been forced to terminate full-time employment contracts due to economic downturn.

Prior to COVID-19, the naturally vulnerable small- to medium-sized enterprise (SMEs) and entrepreneurial sectors would have done well to build resilience; however, they did not, and now, like with so many other things, is the time to sow the seeds for short-, medium-, and long-term resilience [2].

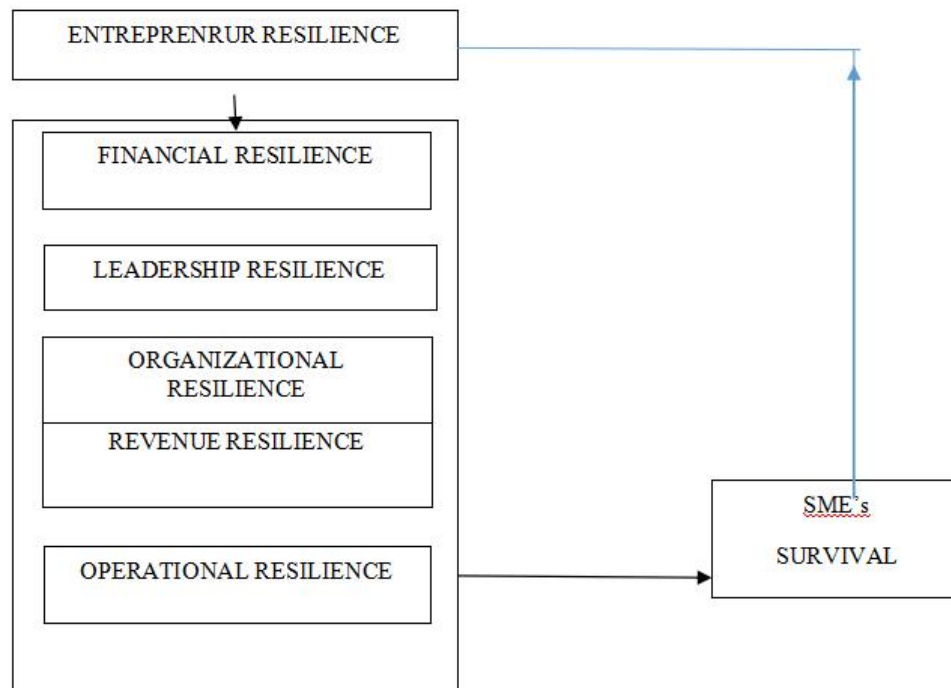
This research aims to explore the resilience of entrepreneurs and the survival of small and medium-sized enterprises (SMEs) economic downturn occasioned by COVID-19 pandemic.

### 1.1 Statement of the Problem

Economic downturn occasioned by COVID-19, a global pandemic, has presented the globe with unprecedented challenges, as well as new challenges and opportunities for entrepreneurs. The stiff, inadaptable entrepreneur becomes engrossed in temporary issues that they are unable to see. During the pandemic, business owners changed course by repurposing and refocusing their networks, people, expertise, and resources to satisfy newly created needs.

Repurposing is not without its disadvantages, though. Dealing with those entrepreneurs presents a problem because many of them have backgrounds in multiple fields. It is difficult to evaluate someone's validity or credibility if they haven't demonstrated success in that area.

## 1.2 Conceptual Framework



**Figure 1.** Conceptual Framework

Figure 1 showing the relationship between Entrepreneur Resilience and SMEs Survival.

## 1.3 The Study's Objective

The study's goal was to look into how resilient entrepreneurs and SMEs were in Delta State, Nigeria during economic downturn occasioned by the COVID-19 pandemic. The following are some of the study's particular goals:

Investigating the following relationships:

- a) leadership resilience and SMEs survival in economic downturn in Delta State, Nigeria;
- b) revenue resilience and SMEs survival in economic downturn in Delta State, Nigeria;
- c) organizational resilience and SMEs survival in economic downturn in Delta State, Nigeria;
- d) financial resilience and SMEs survival in economic downturn in Delta State, Nigeria; and
- e) To investigate the relationship between operational resilience and SMEs survival in economic downturn in Delta State of Nigeria.

## 1.4 Scope of the Study

The study is conducted within Delta State of Nigeria. Delta state has 3 (three) senatorial districts and 25 local government headquarters and therefore provides a fine representation of a study in Nigeria.

## 1.5 Significance of the Study

Entrepreneur has faced a new reality in the face of the global COVID-19 pandemic that has affected not only people but businesses across the world, thereby provoking an unprecedented downturn in the global economy.

The study therefore provides insight on the entrepreneur resilience and SMEs survival that will be of benefit to businessmen/entrepreneurs, government, policy makers and the general public to reconsider the value of innovation and strategy in entrepreneurial systems to serve as shock- absorber in case of crisis or war.

## 2. Conceptual Review

### 2.1 Who is an Entrepreneur?

[3] defines an entrepreneur as a creative person who establishes a new line of business where none did before. [4] defined an entrepreneur as an individual or group of individuals who had the capacity to identify and assess business possibilities, get the resources required to seize them, and take the necessary steps to guarantee success.

Those who are always exploring new markets and trying to determine how to profitably and efficiently service those markets are considered entrepreneurs. An entrepreneur is a person who actively searches out change, adapts to it, and seizes the chance to turn it into a profitable venture [3]. According to [5], entrepreneurs are people who look for and identify business opportunities, gather the money and other resources needed for those opportunities' development, assess the options in their environment and direct resources toward the most lucrative ones, and ultimately assume responsibility for the management and/or successful execution of opportunities.

## **2.2 Entrepreneur Resilience**

Diverse definitions of resilience have been put up by academics; the word itself is derived from the Latin verb "resilire," which meaning "to leap back." According to [6], material physics is where the word "resilience" first appeared. The ability of a material to withstand a strong shock and absorb stress without breaking is referred to as resilience. The psychological trait known as resilience enables an entrepreneur to handle stress and hardship. In difficult circumstances, entrepreneurs can draw on this mental strength reserve to prevent themselves from crumbling. Psychologists believe that resilient entrepreneurs are better able to overcome adversity and bounce back from setbacks in both their personal and professional life [7].

According to [8], resilience is "the process of adapting well in the face of adversity," and it's a crucial attribute for anyone wishing to launch or expand a firm. [9,10] define resilience as a way to handle change, adversity, or opportunity.

We all go through difficult times in our lives or during business cycles. Being resilient does not mean that bad times will go away; rather, it implies that we will be better equipped to deal with life's or business's setbacks. These techniques improve our ability to recover from pressures, trauma, and challenging events that occur in everyday life and business.

The ability to deal with difficult personal and market conditions, as well as destabilizing events, while keeping an eye on the future, is known as entrepreneurial resilience. Consequently, a resilient entrepreneur looks past temporary failures and focuses on achieving their long-term objectives.

Entrepreneurs need to be resilient in two ways: first, they need to recover from shocks like labor capacity depletion, supply chain disruptions, and market failures; second, they need to be able to balance two seemingly conflicting responsibilities. The other is learning how to advance in marketplaces, supply chains, and talent pools where the standards for success and survival are constantly changing and vague [2].

According to Isenberg, [2], entrepreneurs need to properly respond in five crucial pillars that together compose resilience in order to recover and advance.

### **2.2.1 Leadership Resilience**

Contrary to popular assumption, building a strong network of relationships with all of your stakeholders-from suppliers and customers to your community-is essential to leadership resilience. It's a team sport.

After you've mapped out those ties, prioritize your dependencies, paying particular attention to those that are most essential to your survival and advancement. Third, identify the relationships that require the most strengthening-the ones that are the least resilient. This should not be viewed as a test of the stakeholders' own vulnerabilities, but rather the vulnerabilities in the relationships you have with them.

To start building stronger relationships, create communication plans and procedures and determine what information is vital to your stakeholders. Determine and take care of your personal weak points, such as your health or finances, by eating healthily, working out frequently, getting enough sleep, and staying in touch with your loved ones. Gather facts that will come in handy when things change, even though it might not seem important right now. In other words, learn a new language, hone your remote platform abilities, read up on geopolitics, and so forth.

Prompt responses to modifications may give rise to more problems than the original ones. To help you avoid making snap decisions when it is time to respond, keep an action checklist handy. "Avoid talking about things returning to normal, no matter how comfortable it makes you and others feel," and "Don't be startled when others behave differently," should be included.

### **2.2.2 Revenue Resilience or Income Stability**

Changes that interrupt sources of income can endanger the survival of an entrepreneur's company. Thousands of firms have expedited sales programs in response to the pandemic, but customers sometimes see such attempts as desperate or worse, deceptive. Customer engagement and connection are suffocated as a result of this.

This predicament can be avoided if the entrepreneur has planned ahead for market transitions by establishing and cultivating robust client connections. Have regular discussions with them about 'what if?' scenarios involving their product. Identify client segments that may prosper amid various types of prospective shifts as a result of all of this. Entrepreneurs shouldn't ignore their relationships with clients who have temporarily stopped doing business with them or have severely cut back on their purchases; by doing so, you are setting the foundation for future sales.

### 2.2.3 Organizational Resilience

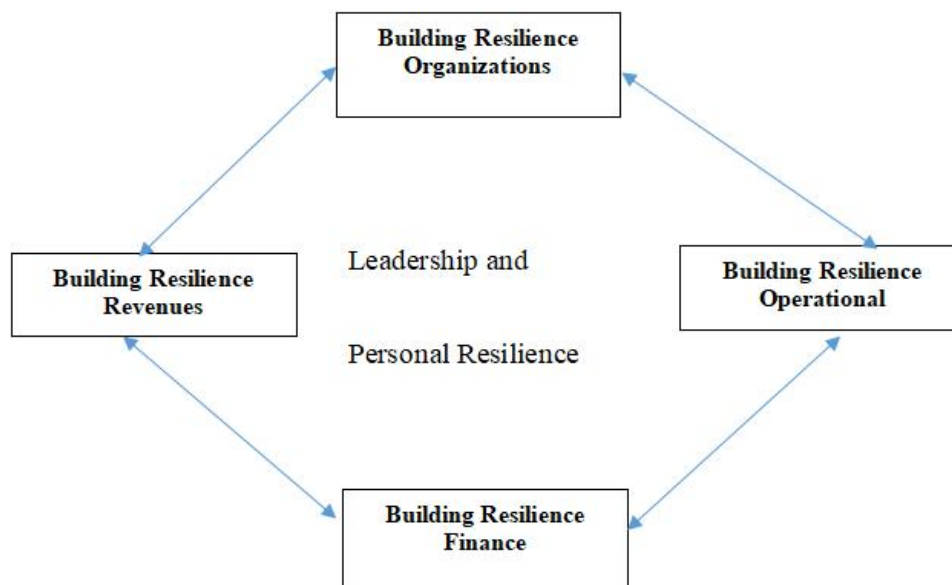
An entrepreneur may not only weather changes but also fortify their culture and uncover previously undiscovered depths with the help of a robust organization. For instance, as a result of the present pandemic, many entrepreneurs and business owners are discovering not only the devotion and dedication of their employees, but also new emerging leaders and employees with vital but hitherto untapped skills.

To strengthen organizational resilience, entrepreneurs should establish explicit written policies about who makes choices and how. They should also formalize the unrestricted and brave flow of information from staff members. Thanks to transparent information, staff members can confidently point out potential problems, such as quick changes with customers or changes in laws from the government.

Many business owners and entrepreneurs were caught off guard by the current crisis without a clear plan in place to cut personnel costs, whether through layoffs, furloughs, or salary reductions. While the need is still present, put together a documented plan for cost-cutting in the event of a change. The entrepreneur should also determine how they would combine personnel reductions with wage reductions, perhaps with the assistance of their top staff.

Give daily updates; deliver bad news in an understandable, concise, and compassionate manner; and act with candor, transparency, and reality. Inform the entire company of the staff adjustments or layoffs, as well as the personal sacrifices made by other executives. The business owner should create a platform for communication and assure people that making mistakes won't lead to reprisals. The business owner may serve as an example by owning up to their errors.

### 2.2.4 Financial Resilience



**Figure 2.** Pillar of Resilience

Surprisingly many business owners and entrepreneurs trust their accountants or financial consultants with their financial information. This is a grave error. The most important step in getting your business ready to be financially robust is understanding how money moves through it. The most important tool for this is the cash flow estimate, which should ideally encompass at least 90 days on a daily resolution and 10 to 15 weeks on a weekly resolution beyond that.

Entrepreneurs and business owners should also think about adding cancellation or service suspension provisions to any contracts they get into for future supplies. Set up credit lines and facilities with suppliers and bankers when business is booming. Your suppliers will be far more ready to offer flexible terms if you have consistently made on-time payments to them.

When changes take place, entrepreneurs or company owners need to offer early payment reductions along with new terms for quicker cash collection. While some clients would have the money and would be happy with the cut, others will be struggling with cash flow. This is the time to request longer payment terms or discounts from suppliers, landlords, and consultants, if needed.

### 2.2.5 Operational Resilience

One of the most surprising aspects of the current pandemic has been how fragile supply chains can be. Therefore, from raw materials to the final consumer, entrepreneurs and business owners need to map out their supply chain and identify

all potential vulnerabilities. They should also identify primary and secondary suppliers for all important inputs to minimize the risk of overlapping vulnerabilities. Finally, they should conduct a thorough audit of their manufacturing and service logistics and develop a written plan for handling suppliers in an emergency that includes something as basic as updated contact information. Finally, since information infrastructure can pose a risk, the entrepreneur should implement a data-security plan that involves resetting passwords on a regular basis.

Entrepreneurs should immediately contact their suppliers - and potentially even their suppliers' suppliers - to find out whether they are having problems or are suffering when the first indications of a shift appear. To swiftly address problems, create task forces and make use of their well-maintained communication resources.

### 2.2.6 Characteristics of Resilience

Entrepreneurs or people who remain cool in the face of calamity have what psychologists call resilience, according to (10), who goes on to identify the following characteristics of resilience.

- Being a good communicator,
- Having an internal locus of control,
- Seeing oneself as fighters rather than victims,
- Having high emotional intelligence, and
- Being able to make and follow realistic plans are just a few of the qualities that make someone a successful communicator.

### 2.3 SME Survival

Small and medium enterprises (SMEs) are vital for developing countries because they contribute to economic growth, job creation, income disparity reduction, and increasing the output of products and services generated in the economy, among other things. Companies classified as small and medium-sized enterprises (SMEs) have revenues, assets, or staff below a specific threshold.

It is challenging to define small and medium-sized enterprises (SME) because the definition varies based on the pattern and stage of growth, sometimes within the same country and sometimes between countries. The Federal Ministry of Industries (1973) defined small business enterprises as companies that employ up to 50 people and have total capital (land, building, machinery, equipment, and working capital) of up to N60,000. The Central Bank of Nigeria (CBN) classified small scale businesses as those with an annual turnover of less than five hundred thousand Naira (N500,000) in its monetary policy circular No. 22 of 1988. The variances in the definition could be due to the researchers' backgrounds, institutional changes, changes in economic situations, or technological advancements.

To handle economic shifts and stay in business, Small and Medium Enterprises (SME) require credible information and entrepreneurs that are resilient. As a result, for businesses to thrive and remain competitive, resilient entrepreneurs to environmental concerns have become critical.

### 2.4 Empirical Review

The impact of resilience on the survival of small and medium-sized businesses is examined by [11]. 236 individuals had their data gathered and tested. The results show that resilience skills are essential for SMEs to survive, and there is little difference in this regard between male and female entrepreneurs. The author recommended, among other things, that the operations of SMEs be routinely assessed in order to identify problems, make adjustments, and foster customer goodwill.

[12] looks into the many funding choices that SMEs in Nigeria have access to as well as how they contribute to the development of the nation's economy. The spearman's Rho correlation test was utilized to ascertain the relationship between SMEs funding and investment level. The study discovered a substantial Rho value of 0.643 at 10%. This proved that finance for SMEs and economic growth in Nigeria at the investment level are strongly correlated.

As per the report, financing at relatively low interest rates should be available to small and medium-sized businesses in Nigeria to enhance economic growth.

[13] examine the resilience and performance of small and medium-sized businesses in Asaba, Delta State. Surveys were used to get information from 201 individuals in the sample. A multiple regression analysis's findings showed a significant positive correlation between organizational strategy and diversity (0.000 0.05). Moreover, resourcefulness has the strongest beneficial effect on the success of organizations. According to the study, businesses can lower the failure rate of SMEs by understanding the relationship between the various aspects of entrepreneurial resilience.

### 2.5 Theoretical Framework

Entrepreneur resilience can be connected to an economic trait based on the entrepreneur's personality traits and the uncertainty absorption theory. Frank H. Knight proposed the theory of uncertainty absorption in 1921. According to the hypothesis, economic uncertainty, such as a shift in consumer preferences, shields other stakeholders from it. He goes on to say that the entrepreneur has three responsibilities:

- a) He initiates meaningful improvements or innovation;
- b) He adjusts to changes in the economic environment;
- c) He bears the risks associated with the company's unpredictability. Furthermore, the uncertainty might be created by the entrepreneurs themselves through innovation, or it can be introduced as an exogenous aspect to the organization. In both circumstances, the entrepreneur's responsibility is to absorb uncertainty.

Attribution theory has also been linked to entrepreneur resilience. The motivational theory of attribution studies how an individual interprets an occurrence according to their reasons for seeking a cause and their understanding of the surrounding circumstances. Entrepreneurial success or failure is determined by three factors: stability, causality locus, and controllability. Entrepreneurs believe that the outcome of an event is either within or outside of their control; hence they prefer to ascribe success and failure only to themselves and their own efforts [14]. Entrepreneurial resilience is influenced by a number of factors.

### 3. Methodology

#### 3.1 Research Methodology

This research employed both descriptive and explanatory methods. The Narrative-Textual Case-Study (NTCS) approach was chosen as the methodology due to lack of data on the entrepreneur resilience and SMEs survival in Delta State, Nigeria. NTCS is a social science research methodology that heavily utilizes academic resources and information that is readily available through information and communication technology platforms, including internets, online databases, e-libraries etc.

#### 3.2 Results

The result of the study showed that resilient entrepreneurs maximize their prospects of not just surviving but also prospering in the face of adversity by embracing change, encouraging innovation, and effectively engaging their staff.

Survival of SMEs into the post COVID era requires the entrepreneurs to develop resilience to overcome the challenges of economic downturn associated with such pandemic in order to remain in business.

### 4. Summary

Resilient businesspeople maximize their prospects of not just surviving but also prospering in the face of adversity by embracing change, encouraging innovation, and effectively involving their workforce.

The failure rate of SMEs is comparatively high due to the difficult and constantly changing business environment in which entrepreneurs and owners of SMEs operate. Resilience among entrepreneurs is a crucial quality that can help small firms succeed. Being proactive has the least positive impact on SMEs' ability to survive, suggesting that resilient entrepreneurs who are proactive are better at spotting opportunities, quickly scanning their surroundings, and making discoveries-all of which serve as shock absorbers and aid in SMEs' survival.

### 5. Recommendation

- Because resilience is a team sport, entrepreneurs should build training programs to boost SMEs' chances of surviving economic upheavals.
- Entrepreneurs and SMEs should set up a feedback system that allows customers to express constructive criticism of their operations in order to improve service delivery.
- SME operations should be evaluated on a regular basis to look for flaws, make improvements, and boost client loyalty.
- To assist entrepreneurs and SMEs in fostering resilience and advancing economic recovery in the post-pandemic age, more research, ongoing assessment, and flexible policy approaches are required.

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