

Impact of Covid-19 on Industrial Activities in Southern Nigeria

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Abstract

The impact of Covid-19 is overwhelming the world over. It has succeeded nearly all aspect of economic activities. Nigeria in the past few months has experienced her own challenge on the impact of Covid-19 on industrial activities. In the southern part of Nigeria economic activities has suffered the same faith of lock down and slow economic growth in the region. The study used two research questions and a hypothesis. The study employed the survey research design. The population of the study consists of 3500 economic experts and CEOs in southern part of Nigeria. The study used random sampling technique to take a total of 350 economic experts and CEOs within the region. The study used an instrument titled "Impact of Covid-19 on industrial activities in Southern Nigeria" (ICIASN). The questionnaire item was subjected to a validity test by two economic experts and analyst. Using the test-retest strategy and the application of Pearson Product Moment Correlation Coefficient, the reliability value was calculated to be 0.83. The instrument was administered through mails, messenger and WATS app. The respondent responded and sent back the filled information using the same means. These applications were used as a result to maintain social distancing and observe lockdown measures at home. About 80% of the instruments were retrieved making it a total of 280 responded items. The research questions were analyzed using man and standard deviation, while the hypothesis was calculated using z-test analysis. Findings from research question 1 showed that there is a very high impact of covid-19 on industrial production, supply of goods and negative delivery of goods. Also, there is a high impact of increased cost of production and have made industries lack the necessary fund to manage its activities. The findings of research question 2 revealed that there is a high impact of covid-19 on industrial recruitment, human capital development and difficulty in managing workers affairs. Further there is a very high impact on increased filling rate of unemployed graduates in the region and have created a huge laying off of workers in industries. The findings from the hypothesis showed that there is a significant impact of Covid-19 on growth of industries and employment exercise carried out by industries in Southern Nigeria based on the decision rule. It was recommended that the government should create a large CBN loan scheme to support medium and large scale enterprise to recover from its loss experienced as a result of Covid-19. Further, government should enforce health safety guide strictly and reopen the economy to enable individuals to commence business and other related opportunities.

Keywords: *Impact, Covid-19 and Industrial Activities*

Introduction

The influence of the deadly viral disease popularly known as covid-19 has dragged every aspect of life here on earth backwards. Its negative impact on economies all over the world cannot be over emphasized. The viral disease which the World Health Organization (WHO) claimed to transmit from one person to the other has altered the method of interaction and

human relation. Its wide spread of mortality and death rate has negatively deters events and prosperity of many nations. In other to save humanity from been wiped out on the surface of the earth due to the spread of the deadly viral disease world health organization has come out with some certain guide to prevent its further spread. Notably the virus has influence mainly social events, economic activities, sports, recreational activities and so on.

There been a lot of prediction and projection of economic events in the feature on the faith of the world economy at large. Talks on the US and China trade war has been predicted to show slow economic growth rate of 3.5 percent in 2020 (Peterson & Thankom, 2020). As a result of fear and uncertainty, and to rational assessment that firms' profits are likely to be lower due to the impact of COVID-19, global stock markets erased about US\$6 trillion in wealth in one week from 24th to 28th of February (Peterson & Thankom, 2020). The crisis has already transformed into an economic and labour market shock, impacting not only supply (production of goods and services) but also demand (consumption and investment). Disruptions to production, initially in Asia, have now spread to supply chains across the world. All businesses, regardless of size, are facing serious challenges, especially those in the aviation, tourism and hospitality industries, with a real threat of significant declines in revenue, insolvencies and job losses in specific sectors. Sustaining business operations will be particularly difficult for Small and Medium Enterprises (SMEs). Following travel bans, border closures and quarantine measures, many workers cannot move to their places of work or carry out their jobs, which has knock-on effects on incomes, particularly for informal and casually employed workers. Consumers in many economies are unable or reluctant to purchase goods and services. Given the current environment of uncertainty and fear, enterprises are likely to delay investments, purchases of goods and the hiring of workers.

This negative experience seen at the global economy has created a lot of sets back on business and productivity. The world health organization through its guide and principle such has washing of hands, maintaining social distancing, stay at home other, total lockdown and any more covid-19 responses has discouraged manufacturing in many industrialized nations of the world. Specifically, the stay-at-home policies planted the seeds of recession in developed countries, and there was a general consensus among economists that the coronavirus pandemic would plunged the world into a global recession (Financial Times, 2020). As the pandemic bites deep into a lot of events in the world, many continents suffer losses and put an effort to combat it.

Early prediction from WHO revealed a high death rate in millions in African continent. This was as a result of the low and insufficient health facilities and response devices to combat the virus. In the same way has the virus continues to spread; there is a dear need for national lockdown across the continent to curb the spread of the virus. African economy on a large scale experienced low economic growth in all aspects. Most regions that depend on importation of goods and services plunged into inflation and recession has the maritime and aviation unit experience similar lockdown measures.

The impact of the viral spread has influenced the entire world economy and regions in Africa. Some key sectors of the African economy are already experiencing a slowdown as a result of the pandemic. Tourism, air transport, and the oil sector are visibly impacted. The hit on regions especially West African countries experienced worst economic development. The disruption of the world economy through global value chains, the abrupt falls in commodity prices and fiscal revenues and the enforcement of travel and social restrictions in many African countries are the main causes of the negative growth. Exports and imports of African countries are projected to drop by at least 35% from the level reached in 2019. Thus, the loss in value is estimated at around 270 billion US dollars. To fight against the spread the virus and medical

treatment will lead to an increase of public spending in Africa estimated to be at least 130 billion.

In Nigeria, the case has been unique as a lot of industries suffered a lot of setbacks due to the national lockdown measures. Report from news briefing revealed a drop in our economic activities and a general drop in GDP (Channels, 2020).

This study will examine the impact of covid-19 on industrial activities in southern Nigeria.

Purpose of the Study

The study looked at the impact of covid-19 on industrial activities in Southern Nigeria. Specifically, the study intends to:

1. Find out the impact of Covid-19 on growth of industries in Southern Nigeria.
2. Find out the impact of Covid-19 on employment carried out by industries in Southern Nigeria.

Research Questions

The following research questions guided the study:

1. What is the impact of Covid-19 on growth of industries in Southern Nigeria?
2. What is the impact of Covid-19 on employment carried out by industries in Southern Nigeria?

Hypothesis

The hypothesis for the study is stated as:

HO₁: There is no significant impact of Covid-19 on growth of industries and employment exercise carried out by industries in Southern Nigeria.

Methodology

The study employed the survey research design. The population of the study consists of 3500 economic experts and CEOs in southern part of Nigeria. The study used random sampling technique to take a total of 350 economic experts and CEOs within the region. The study used an instrument titled "Impact of Covid-19 on industrial activities in Southern Nigeria" (ICIASN). The instrument is a structured questionnaire item consisting of 10 items. The researcher used a four point rating scale to give the level of response from respondents. The response options were Very High Impact (VHI), High Impact (HI) Moderate Impact (MI), Low Impact (LI) and Very Low Impact (VLI). The response options are weighed as 5, 4, 3, 2 and 1. ICIASN was subjected to a validity test by two economic experts and analyst. The expert examined the content of the research questions and the instruments used for the study. Further, the instrument was sent for a pilot study by five CEOs and economic Experts in the Eastern region of the country. Using the test-retest strategy and the application of Pearson Product Moment Correlation Coefficient, the reliability value was calculated to be 0.83. The figure obtained was considered adequate for the study.

The instrument was administered through mails, messenger and WATS app. The respondent responded and sent back the filled information using the same means. These applications were used as a result to maintain social distancing and observe lockdown measures at home. About 80% of the instruments were retrieved making it a total of 280 responded items.

The research questions were analyzed using mean and standard deviation, while the hypothesis was calculated using z-test analysis. The decision for analyzing the research questions are stated below:

S/No	Ranges of Scores	Decision
1.	4.5 - 5	Very High Impact
2.	3.5 - 4	High Impact
3.	2.5 - 3	Moderate Impact
4.	1.5 - 2	Low Impact
5.	0.5 - 1	Very Low Impact

For the hypothesis, a z-calculated value less than a z-critical value will be accepted. Alternatively, a z- calculated value higher than a z-critical value will be rejected.

Data Analysis

Research Question 1

What is the impact of Covid-19 on growth of industries in Southern Nigeria?

Table 1: Impact of Covid-19 on growth of industries in Southern Nigeria

S/NO	ITEMS	VHI	HI	MI	LI	VLI	Mean	SD	Decision
1.	The lock down has influenced industrial production drastically	200	40	30	5	5	4.5	0.27	Very High Impact
2.	The advent of covid-19 has created a huge set back on supply of goods.	240	30	10	-	-	4.8	0.31	Very High Impact
3.	The lock down has influenced negatively the distribution line in delivering of goods to consumer.	230	20	10	10	10	4.6	0.28	Very High Impact
4.	The lock down has increased the cost of production of goods and services.	190	40	30	10	10	4.4	0.26	High Impact
5.	Industries lack finance to manage its activities during covid-19 outbreak.	180	60	20	10	10	4.4	0.26	High Impact

Data revealed from table 1 showed that item 1, 2 and 3 had a very high impact of covid-19 on industrial production, supply of goods and negative delivery of goods. Also, items 4 and 5 had a high impact on increased cost of production and have made industries lack the necessary fund to manage its activities.

Research Question 2

What is the impact of Covid-19 on employment carried out by industries in Southern Nigeria?

Table 2: Impact of Covid-19 on employment carried out by industries in Southern Nigeria

S/NO	ITEMS	VHI	HI	MI	LI	VLI	Mean	SD	Decision
1.	The impact of Covid-19 has influenced industrial recruitment rate.	180	60	20	10	10	4.4	0.26	High Impact
2.	The impact of covid-19 has created a huge gap on human resource development.	140	100	10	20	10	4.2	0.23	High Impact
3.	The impact of covid-19 has increase the filling rate of unemployed graduates in the region.	190	60	20	5	5	4.6	0.28	Very High Impact
4.	The impact of Covid-19 has made industries to find it difficult to pay workers.	190	40	20	20	10	4.4	0.26	High Impact
5.	The impact of Covid-19 has created a huge laying off of workers in industries.	200	40	20	10	10	4.5	0.27	Very High Impact

Data revealed from table 2 showed that item 1, 2 and 4 had a high impact of covid-19 on industrial recruitment, human capital development and difficulty in managing workers affairs. Also, items 3 and 5 had a very high impact on increased filling rate of unemployed graduates in the region and have created a huge laying off of workers in industries.

Hypothesis

There is no significant impact of Covid-19 on growth of industries and employment exercise carried out by industries in Southern Nigeria.

Table 3: Z-test Analysis of the impact of Covid-19 on growth of industries and employment exercise carried out by industries in Southern Nigeria

S/No	Items	No	Mean	SD	df	z-cal	z-crit	decision
1	Impact of Covid-19 on growth of industries	280	4.5	0.28	558	4.35	2.576	Significant impact
2	Impact of Covid-19 on employment exercise carried out by industries	280	4.4	0.26				

The findings obtained from table 3 showed that z-critical value was less than t-computed value. This shows that there is a significant impact of Covid-19 on growth of industries and employment exercise carried out by industries in Southern Nigeria based on the decision rule.

Summary of Findings

The following are the summary of the findings:

1. There is a very high impact of covid-19 on industrial production, supply of goods and negative delivery of goods. Also, there is a high impact of increased cost of production and have made industries lack the necessary fund to manage its activities.

2. There is a high impact of covid-19 on industrial recruitment, human capital development and difficulty in managing workers affairs. Further there is a very high impact on increased filling rate of unemployed graduates in the region and have created a huge laying off of workers in industries.
3. The findings obtained from table 3 showed that z-critical value was less than t-computed value. This shows that there is a significant impact of Covid-19 on growth of industries and employment exercise carried out by industries in Southern Nigeria based on the decision rule.

Discussion of Findings

Findings from research question 1 showed that there is a very high impact of covid-19 on industrial production, supply of goods and negative delivery of goods. Also, there is a high impact of increased cost of production and have made industries lack the necessary fund to manage its activities. This is in line with the view of KPMG, (2020) that impact of Covid-19 and lockdown measures by government and institutions has impacted negatively on industrial activities.

The findings of research question 2 revealed that there is a high impact of covid-19 on industrial recruitment, human capital development and difficulty in managing workers affairs. Further there is a very high impact on increased filling rate of unemployed graduates in the region and have created a huge laying off of workers in industries. This is in line with the thought of PWC, (2020) that analyzed the drop of employment rate by most industries and sectors of the economy.

The findings from the hypothesis showed that there is a significant impact of Covid-19 on growth of industries and employment exercise carried out by industries in Southern Nigeria based on the decision rule. This is in line with the view of Mark, (2020) that the corona virus has affected industries as well as increase on unemployment in the society.

Conclusion

In all, it would be stated that the impact of covid-19 is overwhelming has it has affected the production standards of industries. There is a significant decline on operations and reduction in labour input. Also, there is a high unemployment rate as a result of lockdown measures attributed to the impact of covid-19..

Recommendations

Based on the findings of the study, it will be recommended that:

1. The government should create a large CBN loan scheme to support medium and large scale enterprise to recover from its loss experienced as a result of Covid-19.
2. Further, government should enforce health safety guide strictly and reopen the economy to enable individuals to commence business and other related opportunities.

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