

The Impact of Global Pandemics on Small and Medium-scale Enterprises in Developing Countries: The Nigerian Example

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Abstract: The 16th Ebola outbreak in the Kasai Province of the Democratic Republic of Congo in September 2020 renewed palpable fears of a possible spread of the deadly virus to West Africa, especially in Nigeria, where the outbreak of 2014 seriously disrupted mostly Small and Medium-sized Enterprises (SMEs) that are yet to recover from the impact. In an increasingly globalised world, interconnected by land, air, and sea, pandemics in one remote country can spread quickly and disrupt the supply chains in far-flung locations, leading to disastrous social and economic consequences for commercial transactions, especially SMEs. They drive innovation and create more jobs than the public service, but are prone to layoffs and construction. Luckily, the latest outbreak was promptly contained to the relief of global disease-tracking agencies. As one advertisement on the Cable News Network (CNN) declares: Everything is connected to business, just as business is connected to everything else. In Nigeria, these pandemics significantly disrupted the already struggling Small and Medium-sized Enterprises (SMEs), resulting in lower productivity, substantial financial losses, and increased unemployment, with dire consequences for the government and the rest of society. The WHO identifies weak healthcare systems, poor access to quality healthcare, and atavistic cultural norms as contributing factors to the spread of HIV/AIDS, Ebola, and COVID-19 in many developing nations. The study relies on quantitative approaches and secondary data to highlight the negative impact of global pandemics on SMEs in Nigeria, especially the challenges they faced during and after the outbreaks. The paper proposes more effective and inclusive strategies to reduce the adverse effects of future pandemics on SMEs, including reinforcing digital infrastructure to minimise human contact, sourcing contingency funding, and government support at all levels to keep SMEs functional and profitable, even in crises.

Keywords: Global pandemics, Democratic Republic of Congo, SMEs, challenges, developing countries, Nigeria, strategies, digital infrastructure, government support.

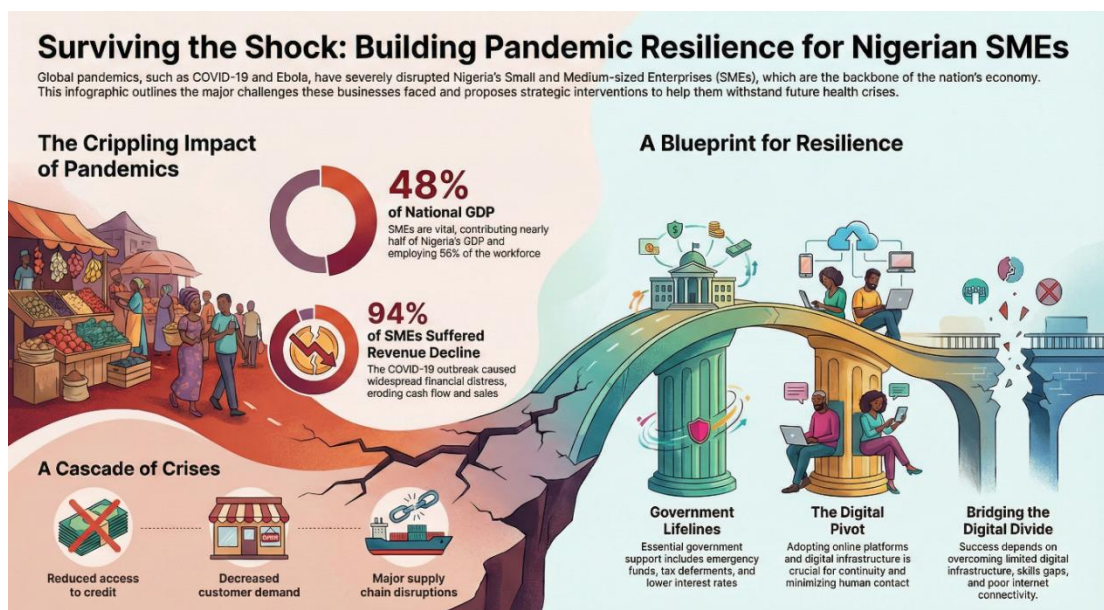
Introduction

The HIV/AIDS pandemic, which was traced to Simian Immunodeficiency Virus (SIV) in blood samples collected in Central Africa in 1959, affected enterprises and severely impacted human capital and economic development. Another example is the deadly Ebola virus discovered in a little-known community called Yambuku in the Mongala District of the Democratic Republic of Congo, in 1976, which caused localised health concern, but the more severe outbreak of the

epidemic in the West African nation of Guinea between 2014 and 2016 spread so quickly that the WHO was forced to declare it a global public health emergency in August 2014. Similarly, the outbreak of the dreaded COVID-19 pandemic in the Chinese city of Wuhan in 2019 followed the same alarming pattern, as the WHO again declared the disease a global health pandemic that severely impacted health systems and disrupted the business supply chain across multiple nations. Like Nigeria, many developing countries have weak health systems, which lead to serious dislocations in their health and economic systems.

There is no doubt that since the last outbreak, some of these countries (using Nigeria as an example) have recorded some measurable improvements, such as building new public health laboratories, more primary health care facilities, and increased health budget allocation to 4.08%, 4.47% and 5.18% in 2021 and 2025, respectively, and increased partnership with foreign governments and NGOs. The COVID-19 pandemic has led to various interventions that have improved the health system (Familusi et al., 20225). The rising brain drain, which has drastically impacted the patient-to-doctor ratio (four doctors to 10,000 patients), poor budgetary allocation to health, and the worrisome issue of corruption have continued to undermine the country's health system, ahead of the next pandemic. This study is necessitated by the fact that even in 2025, businesses continue to struggle as a result of the adverse effects of these deadly diseases. It is common knowledge that the dreaded HIV/AIDS, Ebola Virus Disease, and COVID-19 pandemics have had adverse impacts on Small-scale Enterprises in developing countries.

The impacts of these global pandemics are the major focus of the present study. The question is: How can Small-scale enterprises quickly adapt to future global pandemics, and what role should the government play to minimise or totally mitigate the impact of pandemics on small enterprises? These pandemics, especially the 2019 COVID-19 pandemic, disrupted the global supply chain and also had an adverse effect on SMEs in Nigeria. Available data shows that the COVID-19 outbreak alone undermined local productive activities, eroded investable funds, and led to serious job losses on a scale not previously imagined by local entrepreneurs. It is estimated that 94% of enterprises experienced cash flow, product sales, services, and revenue decline (Ogar et al., 2021). The pandemic disrupted global supply chains, affecting the availability of goods and services (Guan et al., 2020). The Central Bank of Nigeria classifies an SME as any business with an asset base of N5 to N500,000 million (\$15,400 to \$1,538,000) and a staff strength ranging from 11 to 100 employees (CBN, 2010). SMEs power many economic activities in Nigeria and other developing countries, such as job creation, innovation, and poverty reduction. They also contribute about 48% of Nigeria's Gross Domestic Product (GDP), while employing an estimated 96% of the workforce. This is in addition to contributing to exports and government revenue (Adeosun & Shittu, 2022).



1. Infographic outlines of the major challenges faced by Nigerian SMEs during the pandemics

In Nigeria, SMEs faced significant challenges, including reduced access to credit, decreased demand, and supply chain disruptions (Ejiogu et al., 2020). The pandemic also accelerated digital transformation, with some SMEs adopting online platforms to sustain their operations through “remote work” (Alkahtani et al., 2021). Many of these SMEs faced significant challenges in adapting to the new normal, including limited access to digital infrastructure, a lack of digital skills, and inadequate internet connectivity (Belhadi et al., 2021), which would have prepared them to cope with the daunting challenges posed by the unexpected disruption of the global service chain. Our finding is that many of the SMEs devastated by the pandemic outbreak did not prepare for any such contingency because they believed the impact would affect others, not them. That is why many of them were caught napping in their narrow business confines. Even now, these SMEs are still preoccupied with turnover and profitability at the expense of proper logistics planning that would prepare them for the next pandemic.

Briefs on HIV/AIDS, EBOLA, COVID-19

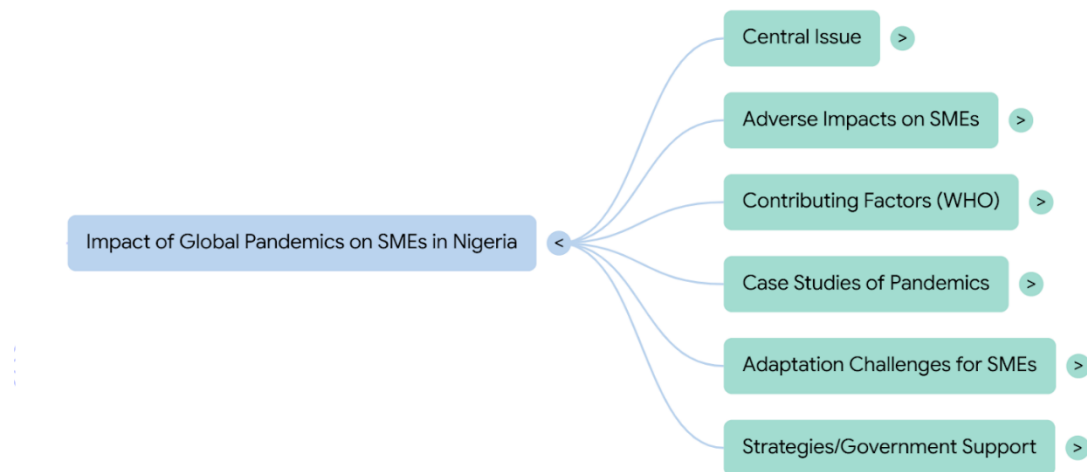
At this point, it would be proper to state the etiology of each of the three major pandemics we are using as case studies to support our thesis that global pandemics have had adverse effects on the operations of SMEs in developing countries, with special reference to Nigeria, as stated below:

HIV/AIDS: As has already been stated in the introductory part of this study, the HIV/AIDS pandemic, which was traced to Simian Immunodeficiency Virus (SIV) in blood samples collected in Central Africa in 1959, affected enterprises and severely impacted human capital and economic development. This study is necessitated by the fact that even in 2025, businesses continue to struggle as a result of the adverse effects of these deadly diseases. It is common knowledge that the dreaded HIV/AIDS has had adverse impacts on Small-scale Enterprises in developing countries, especially in Nigeria, where this category of entrepreneurs is still struggling to overcome the adverse effects of the COVID-19 pandemic. HIV/AIDS gained global attention in the 1980s. In 1981, the first case of a mysterious illness that was later identified as HIV/AIDS was reported among gay men in New York and California areas of the United States. The Centres for Disease Control labelled the disease as “Acquired Immunodeficiency Syndrome (AIDS), attributed to the human immunodeficiency virus (HIV). In the 1990s, the disease was named a global pandemic with millions of people infected across the globe, especially in sub-Saharan Africa. The Antiretroviral Therapy (ART) was made widely available, thus removing the virus from the “death list” to a manageable disease that people could manage and live with the HIV/AIDS infection. The WHO estimates that close to 40 million people are currently living with the virus (2021), while 28 million people infected with the pandemic are currently accessing ART (2021); 650,000 infected people have sadly died from 1.5 million new infections (*WHO Newsletter*, 2025).

EBOLA: The Ebola virus was discovered in a little-known community called Yambuku in the Mongala District of the Democratic Republic of Congo in 1976, but the more severe outbreak of the epidemic in the West African nation of Guinea in 2013 spread to Liberia and Sierra Leone, with an estimated 28,600 infections, resulting in over 11,000 deaths. The World Health Organisation (WHO) declared Ebola a global public health emergency in August 2014 as the disease reached Italy, Mali, Nigeria, Senegal, Spain, the United Kingdom, and the United States (WHO 2025). The Ebola virus causes a severe and often deadly illness known as Ebola Virus Disease (EVD), which can lead to haemorrhagic fever and organ failure, with a mortality rate of between 25% and 90%. Death usually occurs due to shock and loss of fluid (Hotez, 2025). Etiology: Bonwitt et al. (2018), suggest that Ebola and bush meat are closely linked, while the virus is believed to have originated from fruit bats. At the height of the outbreak, it was thought that the unregulated consumption of infected animals, particularly non-human primates, was a key factor in the transmission of the virus to humans. It is common knowledge that bush meat is hunted for food in many African countries, especially in West Africa, a factor that may have

accounted for the endemic nature of the virus in the sub-region. The outbreak was the longest, largest, deadliest, and most complex epidemic of its kind in history, with sustained human-to-human transmission (Onyekuru et al., 2020).

COVID-19: The COVID-19 pandemic, which upturned the world on December 1, 2019, was first traced to the Huanan Seafood Wholesale Market in the Chinese city of Wuhan. The market was shut down on January 1, 2020, while the Chinese authorities confirmed human-to-human transmission of the novel coronavirus on January 20, 2020. The World Health Organisation (WHO) declared the outbreak a public health emergency of global concern on January 30, 2020, and designated it as a pandemic on March 11, 2020 (Khan, 2020). COVID-19 is caused by severe acute respiratory syndrome coronavirus (SARS-CoV-2). China was the first country to impose drastic measures such as lockdowns and mandatory wearing of facemasks in public, and even cracked down on media coverage of the outbreak (Sheikh et al., 2020, Cadell et al., 2020, Prem et al., 2020). In the age of globalisation, coupled with the secrecy with which the Chinese government handled the COVID-19 outbreak, the virus spun out of control and infected people around the world, with Europe and America as the worst-hit continents. The WHO reported that an estimated 43% of global deaths occurred in the Americas; Europe suffered a 32% loss, while South-East Asia had 12% of the estimated 33.5 million deaths worldwide by November 2023 (Newton, 2020; Beaney et al., 2020).



2. Mind map: The six steps in explaining how the global pandemics under reference impacted SMEs in Nigeria

How Global Pandemics Impacted SMEs in Nigeria

In a move similar to a military-style pincer invasion, many small businesses were forced to downsize their production capacity, while others hurriedly shut down to contain the spread. These tough decisions were directly prompted by the WHO and government health restrictions on human contact, which severely impacted business decision-making in Nigeria, which in turn increased unemployment and the poverty level. The SMEs were especially hard-hit, as they faced a sharp drop in finances and attained near-zero profitability. These small enterprises, already dealing with significant operational challenges before the pandemic, had to confront unexpected difficulties securing credit lines due to high interest rates and a weak business environment, worsening their already perilous operational challenges. Available data from the National Bureau of Statistics (NBS) estimated that about 70% of Nigerians employed by SMEs lost their jobs in that critical sector while the pandemic lasted. Nonetheless, the pandemic motivated some of these SMEs to develop more creative and innovative strategies to survive and guarantee future resilience. For instance, many moved to digital platforms, some sought alternative funding sources, and others depended on government support through soft loan facilities from the Bank of Industry and Microfinance Banks. However, conventional banks

seized on the desperation of the cash-strapped SMEs to raise interest rates on loans, which were often provided with other unfavourable lending terms.

The Role of Government

While the government's role is mainly regulatory in a capitalist system, there is ample evidence showing that even Western countries that preach the values of private enterprise usually bail out their failing industries on a massive scale, while insisting that Third World countries strictly implement neo-liberal economic strategies that further impoverish their people. For example, the March 2009 massive auto bailout by President Barack Obama's administration for General Motors (GM) and Chrysler allowed the two struggling auto giants to successfully restructure and avoid imminent bankruptcy, which would have resulted in significant layoffs and social upheaval. This government intervention had a huge impact on the American economy. Data indicates that the US government provided a substantial \$80 billion in loans in exchange for stakes in the two auto companies. While left-leaning commentators hailed the move as necessary to prevent total collapse of the auto industry, conservatives condemned the bailout as contrary to capitalist principles, which emphasise private business initiatives that guarantee profitability in the long run. Regardless of the criticisms, the Obama auto bailout kept GM and Chrysler afloat and profitable.

At least, the US Treasury Department claimed to have recovered over 85% of the loans, while around 1.5 million jobs were saved in the process. Obama's auto industry bailouts temporarily silenced neo-liberal economic thinkers in Nigeria, who strongly held on to the outmoded Keynesian economic models of development. To shame them further, US President Donald Trump has recently announced a \$12 billion aid package to support American farmers hit by the trade wars with China and other economic adversaries. The Trump package is an open acknowledgement that his ill-thought-out trade wars are not working, showing that American farmers desperately needed financial assistance to sell off their piling produce due to rising costs and counter-tariffs imposed by the Chinese government (Bose et al., *Reuters news*, 2025). The hypocrisy lies in the fact that those motor park economists who loudly claim that "government has no business in business" are often the same people who travel on state-owned airlines like Emirates, Etihad, Aeroflot, Qatar, Ethiopian, and South African, etc. What about the other hypocrites who troop out of Nigeria on medical tourism in state-owned hospitals abroad?

Recommendations

It is recommended that governments at all levels should consider establishing emergency funds for SMEs to draw from during global or localised health emergencies, by granting tax holidays, reducing interest rates, and providing financial assistance where necessary to keep struggling SMEs afloat. There is also a need to initiate aggressive digital literacy programmes that would prepare more SMEs to migrate to online business platforms in Nigeria. The study was not able to clearly establish how Nigerian SME operators have adapted their business models in response to the outbreaks of HIV/AIDS, Ebola, and COVID-19, or how they are preparing for future global pandemics. The recommendation is that Nigerian SMEs should prepare themselves to absorb the inevitable shocks of the next outbreak, which is just a matter of when, and not if.

The three pandemics we focused upon above have had serious impacts on entrepreneurship in Nigeria, particularly Small and Medium-scale Enterprises (SMEs). Economic and health experts have shown in different ways that these deadly pandemics led to reduced productivity, financial setbacks, and increased unemployment, with some data suggesting that 94% of SMEs experienced big declines in cash flow, sales, and revenue. These recurrent pandemics have adversely affected entrepreneurship in Nigeria, impacting human capital and future economic growth, especially if the operators decide to do business as usual. We have shown that outbreaks such as HIV/AIDS, Ebola, and COVID-19 have the capacity to reduce workforce productivity, increase healthcare costs, and alter consumer spending patterns.

Other contingency measures will revolve around establishing emergency funds to assist SMEs in growing and remaining in business during health emergencies. Granting favourable tax incentives, lower interest rates, and allied financial packages would allow SMEs to breathe in Nigeria during crunch times. The study has stressed the need for the intensification of digital literacy and migration to online business platforms to reduce human-to-human contact.

Future researchers should consider how SMEs are preparing to absorb the inevitable shockwaves of emergent global or local disease outbreaks, while others can focus on the impact, or the lack thereof, of government policies during health crises. Other studies could also assess the socio-economic impact of pandemics on Small and Medium-scale Enterprises in Nigeria.

Conclusion

To mitigate the impact of global pandemics on entrepreneurship in Nigeria, the SME operators must prepare for future pandemic outbreaks by devising functional strategies to remain in business. The government at all levels should initiate contingency measures that would assist SMEs, such as contingency funds, tax holidays, reduced interest rates, and channelling financial assistance packages to pressing areas of need (Handfield et al., 2020). The need for promoting digital literacy and online business platforms to help SMEs adapt to the “new normal” cannot be overemphasised (López-Santos et al., 2020).

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