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RESEARCH ARTICLE

CORRELATION BETWEEN ECONOMIC HARDSHIP AND INTENTION TO QUIT AMONG SMALL BUSINESSES OWNERS IN THE POST COVID BUSINESS

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Abstract

Small business has contributed significantly to the economic growth of any society and has assumed a ubiquitous part of the business ecosystem. Conceivably, it contributes positively to job creation and has been widely considered the primary engine of socioeconomic development and wealth creation. However, there are indications that the post-Covid-19 business era has been unfavorable to small businesses. Thus, the purpose of the present paper was to examine the correlation between economic hardship and intention to quit among small business owners. A convenience sample of one hundred and fourteen entrepreneurs pooled from different business hubs in the Enugu state of Nigeria participated in the study. The Pearson's product-moment correlation analyses indicated a statistically significant, moderate positive correlation between intention to quit and economic hardship, $r(112) = .39, p < .001$, with economic hardship explaining 24% of the variation in intention to quit. Thus, the result supports the assumption of the study.

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Introduction:-

The recent outbreak of the deadly coronavirus turned into a public health emergency of international concern (Sun et al., 2020). The outbreak, which started in the Wuhan province of China, appears to have a universal impact on human well-being, health resources, and the global economy (Aljofan & Gaipov, 2020). The Covid-19 infection has a relatively high mortality rate (Vardhana & Wolchok, 2020), thus, triggering a global precautionary measure that includes the restriction on movement and socioeconomic activities. Accordingly, the lockdown occasioned by the disease had a substantial negative impact on small businesses in Nigeria. Perhaps, the limitation in movement altered the business ecosystem and consumer buying behavior. The COVID-19 pandemic inflicted an economic hardship unprecedented for the modern age (van der Wielen & Barrios, 2021). Small businesses were significantly distressed by the economic hardship, and job losses have contributed to the already high level of unemployment and social-economic inequalities (Young, 2020). The economic downturn due to the pandemic disproportionately impacted small business operations. Thus, the economic hardship associated with the recent COVID -19 lockdown is increasingly affecting small business survival in Nigeria.

Nevertheless, the Nigerian government had before the pandemic been wrestling with feeble recovery from the 2014 oil price shock (Ahmet & Rasheed, 2018; Akinlo, 2014; Barisitz & Breitenfellner, 2017; Isah, 2015; Marshal et al., 2020; Nwanna & Eyedayi, 2016; Oyelami & Olomola, 2016; Rasaan Adejumbi & Olatunde Julius, 2017; Soyemi et al., 2019; Uzo-Peters et al., 2018), with GDP growth pointed around 2.3 percent in 2019. Recently, the IMF reported

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a review of the year 2020 GDP growth rate from 2.5 percent to 2 percent. Perhaps, the review was based on fairly low oil prices and inadequate fiscal space. In addition, Nigeria's debt profile has remained the primary concern for policymakers and development practitioners as the most current estimate puts the debt service-to-revenue ratio at 60 percent, which is likely to deteriorate amid the sharp decline in revenue associated with falling oil prices. These limiting factors worsen the economic impact of the COVID-19 outbreak and make it more difficult for the government to come up with a positive measure that tackles the current economic hardship in the country.

Economic hardship is conceptualized as the inability of small business practitioners to meet their needs, such as replacing goods, rent, personal, and health care (Rios & Zautra, 2011). Closely related to poverty, economic hardship is a multifaceted construct that has been assessed by many measures beyond traditional poverty, mainly based on income thresholds. Because the construct taps into numerous, distinct dimensions of well-being (Iceland & Bauman, 2007), economic hardship has been commonly examined in the aftermath of the Great Recession to gain nuanced understandings of small businesses' experiences.

The emergence of the deadly coronavirus disease changed the world's economic conditions, including Nigeria. The negative economic changes associated with the business environment are captured in low financial inflow, a reduced inflow of foreign exchange ensuing from lack of export and import of goods and services except for essential products, lack of patronage resulting from restrictions in movement and access, changes in the mode of business operation from physical contact to online and many others, and increased expenses without commensurate income. Although lockdown occasioned by the pandemic has been reversed, the small business ecosystem is the worst affected by the emergence of the pandemic since the year 2020 (Al-Fadly, 2020; Antonescu, 2020; Beglaryan & Shakhmuradyan, 2020; Brown, 2020; Chirume & Kaseke, 2020; Isa & Razak, 2021; Kalemli-Ozcan et al., 2020; Melnyk et al., 2021; Pratama et al., 2021; Rahmina Suryani et al., 2021). Research suggests that the novel virus seriously impacts SMEs' patronage and cash flow (Eze et al., 2021; Iwuoha et al., 2021). This experience triggered unfavorable survival, excitement, and sentiment on the continuous existence of this disease. Consequently, many small businesses have collapsed, and many more are on the verge of extinction due to the prevalence of the COVID-19 pandemic. Hence, most small business practitioners with inadequate capital outlay are on the brink of economic shock, which is highly unlikely to recover in the short run. Thus, there are indications that the economic hardship could be propelling small business owners to end their business, which negatively impacts the economy and adds to the country's high unemployment rate.

Intention to quit is operationalized as the extent to which a business owner plans to discontinue business due to the current economic difficulties in the country. The terms intention to leave is referred to as a person's intention to leave the present business (Cho et al., 2009). Intention to quit reflects a conscious and deliberate wish to leave a particular business within the near future. It is considered the last part of the withdrawal cognition process sequence. Intention to quit is seen as a dependent variable and is used to indicate the probability that an individual will leave business in no distant time. The present study postulate that the intention to quit starts with the evaluation by small business owners of their current situation, relating to the economic hardship.

The present study

The business ecosystem in the post covid -19 era is reportedly fraught with numerous challenges that have led to many ventures' closures. However, the phenomenon is prevalent across all business categories. However, there are growing indicators that small business practitioners have rough times in the post-pandemic period. Economic hardship inevitably places stress on small business operators (Dias et al., 2021; Karadag, 2016; Simón-Moya et al., 2016; Syed & Jalila, 2020), which can make some businesses more vulnerable to loss of hope and intention to quit. Research has examined the link between economic hardship and psychological stress among small business owners. The finding reveals that high levels of economic hardship over time elevated the risk of psychological breakdown and hopelessness. Thus, implying that ongoing economic hardship in Nigeria can be an additive stressor that subjects small business owners to quit. The primary purpose of the current paper was to examine if there is any correlation between perceived economic hardship and intention to quit business among small business owners in the post-Covid-19 business era.

Hypothesis:

There would be a positive correlation between economic hardship and intention to quit among small business practitioners in the post-Covid-19 business era.

Method:-

The study adopted a cross-sectional survey design. The population included small business operators in the Enugu state of Nigeria. However, the study samples were randomly selected. Entrepreneurs whose businesses were categorized as small businesses participated in the study. They were approached between August and November 2021 across the major markets and business hubs in the Enugu metropolis and the Nsukka zone. Those who consented were urged to complete a consent form. In all, a total of one hundred and twenty-six (126) small business owners signed the consent form, were briefed of the purpose of the study and urged to quit the study anytime they wanted. Accordingly, one hundred and twenty-six questionnaires were distributed to the respondents. The questionnaires were filled and retrieved at the spot. On observation, only 114 of the questionnaires were appropriately filled, while the remaining 14 copies were either wrongly filled or unreturned.

Measures:-

The instrument for data collection in the study was a structured questionnaire. The questionnaire items were developed from the literature review and designed to ascertain relevant data relating to economic hardship and intention to quit on a five-point Likert-type scale. The questionnaire was divided into two parts: A and B. Part A contains questions about the perception of economic hardship, while part B contains questions about the intention to quit. A higher score in part A indicates a higher knowledge of economic hardship. Also, a higher score in part B reveals increased intention to leave and vice versa. The scale's reliability was ascertained following a pilot study using participants outside the study population, and the Cronbach Alpha 0.89 coefficient was recorded, indicating that the instrument was reliable.

Result:-

A Pearson's product-moment correlation was run to assess the relationship between economic hardship and the intention to quit a small business. One hundred and fourteen participants were recruited. Analyses revealed that the relationship is linear, both variables were normally distributed as calculated by Shapiro-Wilk's test ($p > .05$), and there were no outliers. There was a statistically significant, moderate positive correlation between intention to quit and economic hardship, $r(112) = .39$, $p < .001$, with economic hardship explaining 24% of the variation in intention to leave.

Table 1:- Table showing correlation between the main variables.

Variables	M	SD	1	2
1. Economic hardship	3.29	0.34	.12**	
2. Intention to quit	4.71	0.42	-.33	.39**
R ²	.24			

Note. N = 114, ** = $p < .01$ (two-tailed).

Discussion:-

The current study was aimed to examine the correlation between economic hardship and intention to quit among small business owners. One hundred and fourteen entrepreneurs completed the survey instrument, and the Pearson's product-moment correlation analyses indicated a statistically significant, moderate positive correlation between intention to quit and economic hardship, $r(112) = .39$, $p < .001$, with economic hardship explaining 24% of the variation in intention to leave. Thus, the result supports the assumption that economic hardship would significantly correlate with the intention to quit, which means that among other constraining variables in small businesses, economic hardship as a factor positively contributes to the choice to leave the business. The study's outcome also means that the declining growth and sustainability of small businesses in Nigeria in the post-Covid-19 business era could be attributable to economic hardship. Accordingly, research has associated economic hardship with psychological distress (Ayala-Nunes et al., 2018; Fiksenbaum et al., 2017; Koltai & Stuckler, 2020). Thus, distress linked to economic stress affects entrepreneurial intention and could trigger a flight approach. Perhaps, evidence indicates that the more stressed out the employees were, the stronger their intention to leave (Siahaan, 2018). This presupposes those small businesses under distress due to economic hardship are more likely to think of quitting their business.

Conclusion:-

The present study examined the correlation between economic hardship and intention to quit business among small business owners. The study's main objective was to test the hypotheses and offer empirical evidence concerning economic hardship as a pivotal contributor to the variation in intention to quit among small businesses in Nigeria. The empirical results revealed that economic hardship is a principal macroeconomic indicator significantly correlated with the intention to leave. The finding is in accordance with the results obtained by other empirical studies. Thus, it can be concluded that the harsh economic realities in the post-covid-era substantially affect the variations in intention to quit. Although, other factors could determine intention to quit that are not considered in the survey. This is a limitation demonstrating the need for future research to explore other relevant variables that could contribute to quitting intention among small businesses in the post-pandemic business.

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