



ISSN NO. 2320-5407

Journal Homepage: www.journalijar.com

INTERNATIONAL JOURNAL OF ADVANCED RESEARCH (IJAR)

Article DOI: 10.21474/IJAR01/20877
DOI URL: <http://dx.doi.org/10.21474/IJAR01/20877>



RESEARCH ARTICLE

THE DEVASTATING SOCIO-ECONOMIC IMPACT OF SIT-AT-HOME ORDERS ON SMALL AND MEDIUM BUSINESSES IN SOUTH-EASTERN NIGERIA: A CALL FOR RESILIENCE AND RECOVERY

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Manuscript Info

Manuscript History

Received: 22 February 2025
Final Accepted: 25 March 2025
Published: April 2025

Key words:-

South-East, Sit-at-home, Order, SMEs,
Losses, Business, NBS, IGR

Abstract

The South-East region of Nigeria, known for its commercial vibrancy, has suffered severe economic setbacks due to the recurring sit-at-home order enforced by non-state actor, Indigenous People of Biafra (IPOB) every Monday. Between August 2021 and March 2025, 192 Mondays have been lost, disrupting business operations, leading to mass job losses, interruption with inter-movements and significantly reducing Internally Generated Revenue (IGR). Key trade hubs such as Onitsha, Aba, Enugu, and Nnewi have witnessed economic stagnation. Beyond economic losses, insecurity has worsened. Between July 2023 and July 2024, Anambra led in ransom payments for kidnappings, totaling ₦350 million, far exceeding Rivers State's ₦67 million. The instability has deterred Foreign Direct Investment (FDI), between 2020 and 2023, the South-East attracted only 6% FDI due to the sit-at-home order. No new investors would want to invest in an insecure and hostile environment. The ease of doing business is getting low in the region. Prior to Monday sit-at-home order, the South-East consistently ranked as the top-performing region in WAEC and NECO results. However, repeated disruptions to the academic calendar due to enforced holidays have negatively impacted the region, contributing to a decline in Foreign Direct Investment (FDI). Many businesses have collapsed or relocated, rural markets have shut down, and professionals are fleeing, leading to a "brain drain."

This study systematically reviews reports from the National Bureau of Statistics (NBS), SMEDAN, and independent sources to quantify the economic impact. Between 2021 and 2023, businesses in the region lost between ₦655 billion and ₦3.8 trillion, with an estimated ₦88.08 billion lost every Monday. Anambra State alone accounts for over ₦38 billion in weekly losses and counting. The consequences extend beyond financial losses, rising unemployment, disrupted education, healthcare access, and increasing state borrowing that deepened social inequalities and weakened region's economic resilience. Urgent interventions are needed, including restoration of peace in the region, financial relief programs, improving security measures, and multi-stakeholder engagement to restore stability. A coordinated approach involving government, businesses, and civil society is crucial to economic recovery. Addressing this crisis is vital not only for regional stability but for Nigeria's broader economic resilience.

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Introduction:-

Background

In recent years, South-Eastern Nigeria, a region renowned for its vibrant commerce and manufacturing, has been hit hard by recurring sit-at-home orders enforced by non-state actors known as indigenous people of Biafra (IPOB). What began as a political protest has spiraled into a full-blown economic crisis, with businesses shuttered, jobs lost, and the region's Internally Generated Revenue (IGR) severely impacted. The economic strain has left local communities struggling to make ends meet, and state governments grappling with rising public debt. For decades, South-Eastern Nigeria has been a powerhouse of economic activity, home to bustling cities like Onitsha, Aba, Enugu, and Nnewi, which are hubs for trade, manufacturing, and innovation. But over the past few years, this thriving region has been brought to its knees by sit-at-home orders, a form of civil protest led by non-state actors. What was once a bustling Monday for businesses, often the presumed most profitable day of the week (Mondays), has become a day of fear and inactivity, as shops remain closed, roads deserted, and the economy comes to a standstill.

Nigeria, Africa's largest economy, faces a myriad of challenges that impede its economic growth, particularly in its eastern region. According to small and medium enterprises development agency of Nigeria (SMEDAN) and National Bureau of Statistics (NBS) in 2028, the country has 37 million Micro, Small and Medium Enterprises (MSMEs), employing 59.7 million persons, contributing to 48.7% to gross domestic product (GDP) and 7.2% to export respectively. The south-east commercial cities like in Abia, Anambra, Ebonyi, Enugu and Imo are critical to the nation's trade and investment flows, due to their strategic location, robust economic activities. Their proximity to major commercial centers like Lagos and Port Harcourt, which facilitates efficient trade routes and logistics, enhancing the flow of goods and services; also serve as a distribution hub for goods within Nigeria and neighboring countries. The South-East is home to numerous manufacturing industries, for instance, Aba and Nnewi are known for their production of textiles, leather goods, automotive parts, and machinery. Nnewi, often referred to as the "Japan of Africa," is a major industrial hub producing a wide range of goods, from motorcycles to household items, contributing significantly to Nigeria's GDP. The South-East is renowned for its entrepreneurial culture, with a high concentration of skilled artisans and business people, fostering innovation and drives economic activities in various sectors; creating solutions tailored to local and regional needs, (Adedeji, 2021; Odozi, 2017).

However, the region's potential is hampered by political instability, social unrest, and economic disruptions, following a "sit at home" order by indigenous people of Biafra (IPOB), Anele et al (2023). The order was traced to the activities of Indigenous People of Biafra (IPOB), (Owoeye et al, 2022) and intended to attract government attention following the arrest of the leader of IPOB on June 29, 2021, thus, many lives were killed, (Adonu, 2018). Sit-at-home orders, often enforced by non-state actors, have become a recurring phenomenon in Eastern Nigeria. These orders compel residents to stay indoors, resulting in the closure of businesses and cessation of daily economic activities for the days it is observed; mostly every Monday and other days scheduled for court appearance of the IPOB leader; which instill fear among the populace. The days amount to 52 weeks of each Monday in a year. Businessmen look forward to doing great businesses, earnings on Monday, after weekend spending. But the frequent imposition of these orders has caused: decreased business operations due to loss of revenue, reduced workforce productivity, increased shortage of goods and commodities due to hinderance in movement (supply chain), increased destruction of lives and properties.

The loss of revenue might have effects on the internally generated revenue for each of those states and increasing borrowing to sustain the economic activity of the state. Other problems arising from this order is threats to financial sustainability and deeper economic instability, limiting the government's capacity to invest in critical sectors such as healthcare, education, and infrastructure.

Figure 1 – Revenue Loss and Ripple Effects on Social and Economic Structures

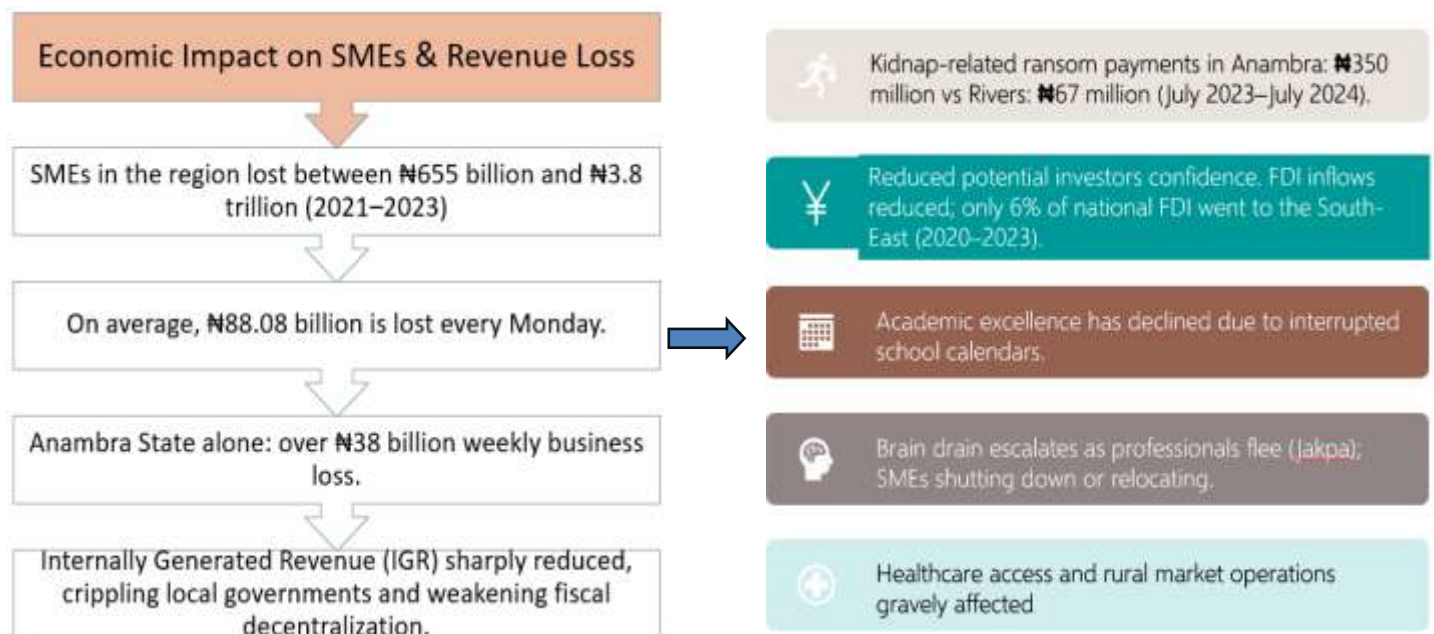
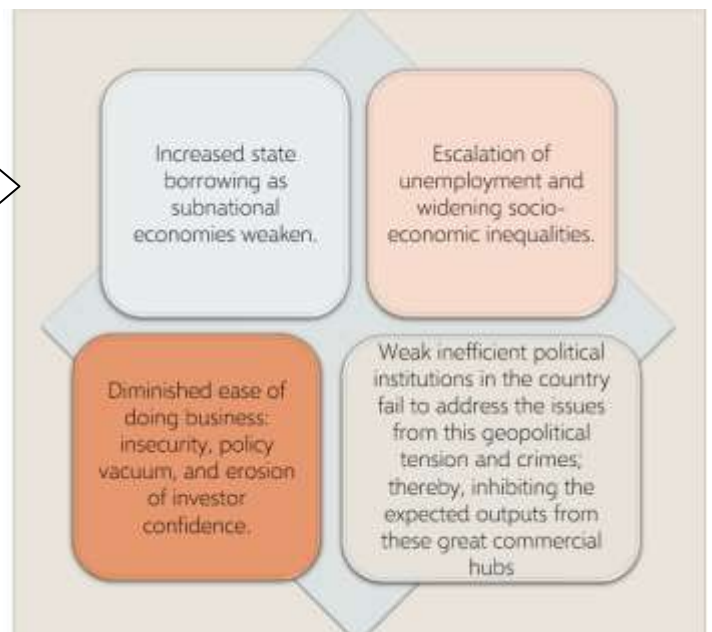


Figure 2 - Policy Gaps, Inequality, and Regional Vulnerability.

The implication of this tension is summarized in figure 2 here.

Table 1: Number of small and medium enterprises (SMEs) by State

Total Number of SMEs by State					
	Abia	Anambra	Ebonyi	Enugu	Imo
2010	534	737	244	432	231
2013	1809	1737	1210	911	1394
2017	2342	1504	2433	1432	2020



Prior to the year 2021, National Bureau of Statistics (2010, 2013 and 2017) showed the number of small and medium enterprises. See table 1 above.

Fast forward to 2021, according to the SMEDAN/NBS report (2021) showed that Anambra State had 1.297 million micro/nano enterprises, Abia State had 764,844, Enugu State had 1.154 million, Ebonyi State had 561,287, and Imo State had 1.231 million micro/nano enterprises. This paper is limited to availability of open data for the years before 2021 for more comparisons. However, the rising kidnapping incidents has created an atmosphere of insecurity, deterring both local and foreign investors, including a long-term effect of political instability and governance challenges with intra conflicts; affect the economic environment of the region. These contributed to an increase in putting up security measures for businesses to thrive, reduced potential investors confidence, and disrupted the movement of goods and services. Conflicts cause internal displacement, destruction of infrastructure, which affect labor markets, create humanitarian crises, and diverting resources from economic development. Unfortunately, weak and inefficient political institutions in the country fail to address the issues from this geopolitical tension and crimes; thereby inhibiting the expected outputs from these great commercial hubs.

This study explores the extensive social and economic toll of these disruptions and highlights the urgent need for policy interventions that can restore stability, rebuild investor confidence, and foster resilience in this fragile economic landscape. By shedding light on the human stories behind the numbers, this research aims to drive actionable change and attract critical funding for recovery efforts.

Objectives:

- Determine the revenue losses incurred by the small and medium enterprises due to sit-at-home order in the southeast states.
- Ascertain people's perception on the impact of sit-at-home order business, lives and properties in the southeast.
- Examine the trend of Internally Generated Revenue and debt for the southeast states.

Theoretical Framework

Theoretically, the system in which businesses operate is mostly complex, (Richard et al, 1964), adding civil tension to such a system or environment aggravates the complexity. System theory provides a framework for analyzing how different elements contribute to the overall behavior and effectiveness of an organization or system. Richard and team propose that systems are composed of interconnected and interdependent elements, forming a complex whole to achieve a common goal, where changes in one part can affect the entire system. The theory highlights the importance of understanding the relationships and interactions between these subsystems to manage complexity and adapt to external environmental changes. By recognizing these dynamics, system theory provides a framework for analyzing how different elements contribute to the overall behavior and effectiveness of an organization or system.

In a business context, the system within which companies operate is highly complex and dynamic, affected by numerous external and internal factors. Adding civil tensions, such as the "sit-at-home" orders, further impairs this complexity, leading to disruptions in operations and economic stability. To manage these complexities, systems theory advocates for a holistic approach that considers the entire network of interactions within the environment, recognizing that solutions must address the system rather than isolated parts. The management of system concepts could foster the thinking pattern of the perpetrators, help to dissolve some complexity and enable operations within the environment. This understanding can help in devising strategies that mitigate the impact of disruptions and foster resilience in business operations.

Methodology:

The study employed synthesis review of related documents and literature through different search engines to understand the various effects. Potential studies were identified through Google scholar, Microsoft Bing. Eighteen (18) articles were systematically sorted out for review from over 50 articles in business papers. Database were searched from 2010 to 2023 on business concerns in Nigeria. The study conceptualized interests to relevant objectives on SMEs growth overtime, revenue generated, revenue losses and debt trends which guided the literature reviews, recognizing the limitations of the study. Data sources include the National Bureau of Statistics (NBS), International Centre for Investigative Reporting (ICIR), SMEDAN survey reports and Journal publications. However, insufficient data within the period of interest limited the comparative analysis of the revenue losses in another period, other than 2021.

Results and Implications of Results:

The results of the study are presented and discussed with respect to the set objectives.

Objective 1: Determine the revenue losses incurred by the small and medium enterprises due to sit-at-home order in the southeast states.

The sit-at-home orders led to substantial revenue losses across the Southeast commercial hubs in Abia, Anambra, Ebonyi, Enugu and Imo states with respect to the frequency of sit -at-home orders, typically occurring once a week, and sometimes as scheduled when the IPOB leader goes to appear in court. In 2021, a report from SME survey through SBM Intelligence indicated that south-east businesses generate between N5,461,519,488 to N31,385,900,929 daily. However, lost between N655 billion and N3.8 trillion within 24 months. About 64.1% of people interviewed acknowledged that the sit at home order highly affected their productivity.

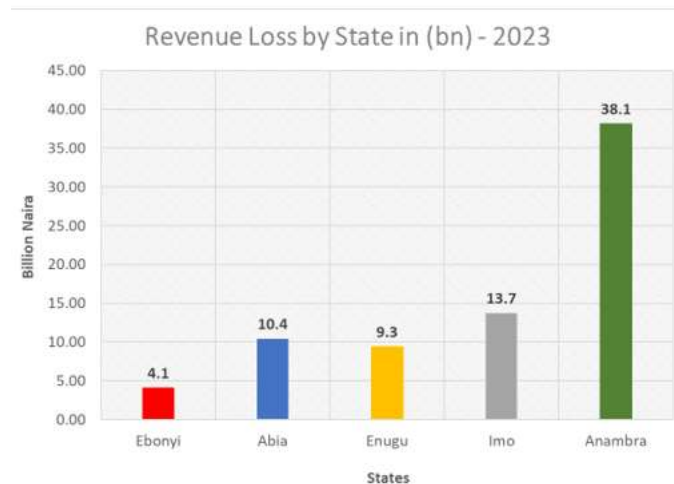


Figure 3: Graphical representation of Revenue Loss by State

The Southeast region experienced an estimated loss of N88.08 billion every Monday due to the sit-at-home orders, disaggregated as follows: Anambra (N38.140 billion), Enugu (N9.334 billion), Imo (N13.739 billion), Ebonyi (N4.079 billion), and Abia (N10.412 billion). These figures represent only the economic impact on the smallest businesses, highlighting the disparity as their counterparts in other regions continued operations. Over one-year, micro businesses in this region incurred losses averaging N4.618 trillion (\$10.495 billion) due to the sit-at-home orders. In break-down, it loses N3.7 trillion every hour and N60.0617 million every second, (ICIR, 2023).

In a report with Daily Trust Newspaper, an Igbo business spokesperson explained that they incur over 25 billion naira lost in Onitsha each sit at home day and believe that such amount might be lost in Aba too, (Eleweke, 2022). Economypost revealed that South-East Nigeria loses N355.231bn for shutting down businesses 4 times in January 2024. The SBM report (2021) enumerated possible contributors to the losses, which include job losses due to cutbacks by business owners in response to reduced working hours, loss of clients and customers that are not comfortable with the unstable business environment in the zone, increased cost of logistics/service delivery. Therevenue shortfall could force the government to increase borrowing to finance essential services and development projects, putting financial strain on state budgets and leading to higher debt servicing costs and diverting funds away.

Objective 2: Ascertain people's perception on the impact of sit-at-home order business, lives and properties in the southeast

Results from a survey by Obilor et al (2024) showed that 86% of sampled population alluded that the sit at home order affect conducive way of doing business. Eighty-nine (89.4%) believed that the order increased insecurity threats in the zone, 74% said that it causes people relocating to states outside the zone, 90.4% mentioned that a lot of people died due to sit at home order; while 93% of interviewees stated it caused loss of properties. Whereas 68.1% of the people surveyed said that sit at home order is associated to poor daily income earnings, 55.3% believed it also discouraged investors from investing, 95%, 97.1%, stating that school and economic activities are not carried out

respectively, and 91.4% mentioned that people are killed, maimed, embarrassed and threatened and during the days declared for sit at home.

During the sit-at home order implementation, banks, markets, transportation and lives and so on, were attacked. This is supported by Owoye et al (2022) whose findings showed that threats posed by this order on political and economic activities (market operations, commercial banks and transport systems, etc.). In the same manner, Anele and Eke (2023) showed that the sit at home order resulted in losses of properties, lives, hunger, insecurity and economic hardship in the south-east. Ekechukwu et al (2022) revealed that the order has significant negative socio-economic implications on the region's economies; declined inflow of investment, standard of living, education, and employment opportunities due to insecurity, tension and fear.

Interviews from business owners by ICIR staff and journalists of economy-post reveal significant concerns about the sustainability of their operations under frequent sit-at-home orders. This is analyzed in the following themes:

(1) Fear and Uncertainty: Business owners' express anxiety over the unpredictable nature of these orders and the safety of their employees, as shops, cars, banks are burnt at any point of clash of this order. However, the situation now is becoming normal, as people start holidays on Sunday and resumes businesses on Tuesday, in contrast to the natural week working days.

(2) Financial Strain: Many businesses struggle to cover fixed costs on rent and salaries, due to lost revenue.

(3) Adaptation Strategies: Some businesses have adopted strategies such as diversifying sales channels (e.g., online sales) to mitigate losses.

This means that the sit-at-home orders have created an environment of uncertainty, discouraging both local and foreign investments. Many businesses are struggling to stay afloat, facing difficulties in covering operational costs due to significant revenue losses. This economic volatility has led to the closure of many enterprises and a consequent flight of capital from the region, leaving the South-East economically vulnerable. The repeated sit-at-home orders have not only disrupted economic activities but have also contributed to increased social fragmentation and insecurity in the region.

Objective 3: Examine the trend of Internally Generated Revenue and debt for the southeast states.

Further review of the internally generated revenue (IGR) and debt trend was done to understand the economic effect and impact of the sit-at home order. See the graph below.

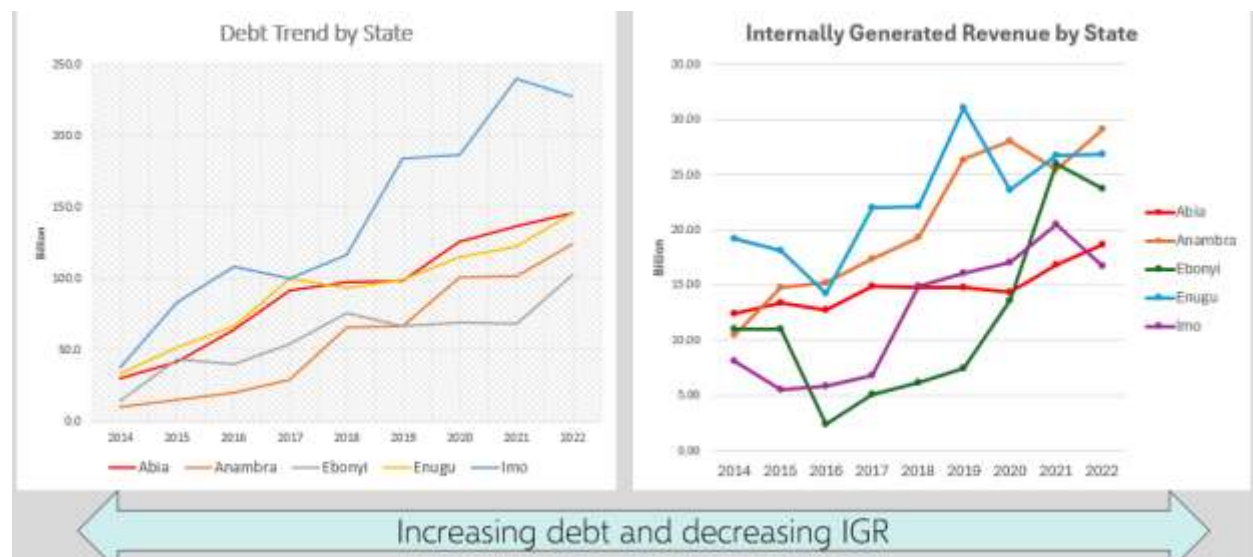


Figure 4: Debt Trend and IGR by State

Figure 4 showed a declining IGR coupled with rising debt, which suggests severe economic impact of the sit-at-home orders, leading to reduced economic activities, public services, delayed infrastructure projects, and potential cuts in social programs. Businesses that typically contribute to tax revenues through VAT, corporate taxes, and other levies would have reduced income, leading to lower tax collections. By analyzing IGR trends before, during, and after the sit-at-home orders, we can quantify the direct economic impact on the local economy. This also means that persistent decline in the trend of IGR and rising debt could indicate that the economic impact of the sit-at-home

orders is creating a sustainability crisis, where the ability of the South-East states to fund development and provide public services is significantly compromised.

Businesses that typically contribute to tax revenues through VAT, corporate taxes, and other levies would have reduced income, leading to lower tax collections. However, the substantial increases in IGR for Abia, Anambra, and Enugu states in 2022 were the result of deliberate policy decisions focusing on technological adoption, system reforms, and efforts to broaden the tax base while enhancing transparency and reducing leakages.

Recommendations:

- Government to discuss with non-state actors on the interconnected elements to this civil tension and seek peaceful resolutions for long-term stability.
- Government should implement economic relief packages and financial incentive targeted at small and medium-sized enterprises (SMEs) to stabilize businesses and preserve jobs in the region.
- Coordinated approach with government, business owners, civil society organization etc., to improve security measures to ensure the safety of businesses, investors' confidence and workers is paramount.
- SMEs are encouraged to use technology for business transactions, which will not be affected by the any tension.

Conclusion:

This study underscores the profound economic disruptions caused by sit-at-home orders in Nigeria's South-East region, particularly in main commercial hubs. The resulting revenue losses, coupled with rising debt levels, highlight a growing financial crisis that threatens the region's economic sustainability. Businesses face unprecedented challenges, with many forced to downsize or shut down, leading to increased poverty and unemployment. Comprehensively understanding of the economic impact of sit-at-home orders, policymakers and stakeholders can develop strategies to mitigate their adverse effects and foster a more resilient economic environment in Eastern Nigeria.

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