

# SKYLINE BUSINESS JOURNAL

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# EDITORIAL

This special issue of Skyline Business Journal (SBJ) contains a collection of five extended papers from the 6th International conference on “Managing Business in a COVID-19 ERA: Opportunities and Challenges” to the SBJ journal.

The 2021 virtual Conference was held on 23rd March, 2021 at Skyline University College, Sharjah, United Arab Emirates, and attracted a total of 140 regular paper submissions, spanning over numerous active and emerging COVID-19 era topics. The conference program committee selected 138 regular papers to be presented at the conference and published in the conference proceedings.

The five extended papers for this SBJ special issue were selected from among all the accepted papers by the special issue guest editors, based on the relevance to the journal and the reviews of the conference version of the papers. The authors were asked to revise the conference paper for journal publication and in accordance with customary practice to add 30% new materials. The revised papers again went through the normal journal-style review process and are finally presented to the readers in the present form. We appreciate the willingness of the authors to help in organizing this special issue.

The papers in this SBJ special issue mostly cover the main theme on Covid-19 Era. The first paper on “Effect of Tax Avoidance on Accounting Conservatism of Listed Non-Financial Firms in Nigeria,” authors seek to ascertain the effect of tax avoidance on accounting conservatism of listed non-financial firms in Nigeria from a seven years (2014-2020) study period and a population of forty-eight listed non-financial firms on the Nigerian stock exchange.

In the second paper “An Assessment of Private Schools’ Management Strategies amidst Covid-19 lockdown In Nigeria”, authors suggested different strategies for managing schools during lockdown to ensure seamless teaching and learning despite the lockdown and recommended for the private schools to have uniform strategies that can be used to ensure continuous teaching if there is any pandemic in the future and also suggested for online teaching and learning to be integrated into the school curriculum.

The third paper reflects on “Lifestyle segmentation in the context of Covid-19,” authors present Activities, Interests and Opinions (AIO) model to addresses the lacuna that would serve as a prototype that can be replicated on larger samples across countries to understand the impact of a pandemic on lifestyles of people and threw the light on the perspectives people have about them, their work and life.

The fourth paper is based on health care industry in Turkey on “Impact of Organizational Power on Team Cohesion and Team Effectiveness during Covid-19: A Case of Turkish Healthcare Industry”, the authors interviewed 299 supervisors at the Turkish healthcare sector found there is a significant impact of organizational power on team effectiveness as well as team cohesion and it is the responsibility of leaders and supervisors working in

Turkish healthcare sector to use the right type of power in order to influence effectiveness and cohesion of teams.

And in the last paper on “Resurgence of MSMEs in Developing Economies during the Covid-19 Fog” This study resorts to various MSME’s in developing countries confronting and combating the difficult time caused by COVID-19 pandemic which can help monitor the evolving business climate to design workable and enforceable policy support for MSME development.

From the five (extended) papers, we observe that the authors are actively engaged in ‘fight’ the crisis to get back to ‘normal’. We hope that the readers enjoy this special issue.

**Gouher Ahmed**, Conference Chair, 6th International Conference

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# SKYLINE BUSINESS JOURNAL

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Skyline Business Journal aims to publish conceptual, empirical, and applied research in the field of business and management. The journal contributes new ideas and themes to the existing knowledge through pragmatic investigation and theoretical analysis to advance an understanding of functioning. SBJ provides an opportunity for enthusiastic researchers to publish their original work on contemporary, innovative, and emerging themes of business and management such as finance & accounting, marketing, supply chain, human resource, and other business-related topics. The journal also publishes reviews of recently released books in the Book Review Section. The aim is to encourage discussion on the ideas expressed by the author/s in newly released books connected to business management and related disciplines.

The primary audience of the journal are academicians, researchers, and scholars from the field of business management along with the practitioners. The overarching aim of SBJ is to provide meaningful insights to practitioners, academicians, and scholars enabling them to draw inferences for their respective functional areas.

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# EFFECT OF TAX AVOIDANCE ON ACCOUNTING CONSERVATISM OF LISTED NON-FINANCIAL FIRMS IN NIGERIA

**Salami Suleiman**

*Department of Accounting, Ahmadu Bello University, Zaria, Nigeria*

**Mensah Barnabas**

*Department of Accounting, Ahmadu Bello University, Zaria, Nigeria*

## Abstract

*The study seeks to ascertain the effect of tax avoidance on accounting conservatism of listed non-financial firms in Nigeria. The independent variable, tax avoidance was proxied by Generally Accepted Accounting Principle Effective Tax Rate (GETR), Cash Effective Tax Rate (CETR) and Book Tax Difference (BTD), while the dependent variable accounting conservatism was measured using Negative Accruals (NA). The control variables utilized were leverage, Return on Asset (ROA) and Firm Size (FS). The study covered a period of seven years (2014-2020) and a population of forty-eight listed non-financial firms on the Nigerian stock exchange. The data was analysed using panel regression technique. From the findings, it was discovered that GETR and BTD significantly affect unconditional conservatism with a negative relationship between the variables. Overall, this paper shows that taxation is a determinant of financial reporting conservatism in Nigeria.*

**Keywords:** *Tax avoidance, Accounting Conservatism, Nigeria, Non-Financial Firms*

## Introduction

Accounting conservatism ensures management reports all possible loss/expense that could be incurred by the firm at some point in the future while all anticipated revenues not yet earned are not accounted for until they have been earned. Generally, all losses are provided for when identified as incurred while gains are recognized when there is a reasonable degree of certainty in earning them. This keeps all relevant stakeholders abreast with the true position of an entity at any point in time.

Unconditional conservatism involves management systematically understating book values of assets or expensing assets which could otherwise have been capitalized due specific aspect of the

accounting process while for conditional conservatism book values of asset are written down but not up as well asymmetrical recognition of gains and losses under adverse conditions (Basu, 1997). Under both forms conservatism asset and gains require higher verification than liabilities and losses.

Taxation is a fiscal policy tool used in controlling a country's economy. Although tax avoidance is legal going by the letters of the law, it refers to all measure adopted by an entity reduce explicit tax payable by exploiting loop holes in the tax system. Corporate tax avoidance can be viewed as any medium devised by an entity/individual largely within the

scope of the law to minimize its taxable income. Tax motivated conservatism requires a degree of book tax conformity. Where this is not the case, the reporting firm has to devise a means of increasing book income while driving down taxable income.

### **Literature Review and Hypothesis Development**

According to Desai & Dharmapala (2005), tax avoidance is the “downward manipulation of an entity’s chargeable income. Gan (2018) examines the relationship between conditional conservatism and tax avoidance. He took a sample of listed U.S. companies during the period of 2009-2016. He computed tax avoidance based on cash effective tax rates (CETR) and employed the C-score method developed by Khan and Watts (2009) and the skewness method from Givoly and Hayn (2000) to measure conditional conservatism. The results of the study indicate that the C-score is negatively correlated to CETR, irrespective of the different models utilized. The negative association of the C-score and CETR corroborates the hypothesis of the study that *Ceteris paribus*, conditional conservatism is negatively associated with tax burdens. Bornemann (2018) conducted a study in Austria to analyse the relationship between accounting conservatism, future tax rate cuts and countries’ level of book-tax conformity using a panel of firms across 18 countries from 1995 to 2010. He used C\_score to measure conditional conservatism and use book tax conformity to measure tax avoidance. He established that conditional conservatism is positive and significantly associated with future tax rate cuts when book-tax conformity is high. The effect is particularly manifesting for firms that concentrate the majority of their operations in the country in which the tax rate is cut. In contrast, there is no significant relationship between future tax rate

cuts and unconditional conservatism.

Yuniarsih (2018) carried out a study to explain the influence of accounting conservatism and corporate governance mechanism against tax avoidance in Indonesia. The study sampled 123 companies listed in Indonesia Stock Exchange (IDX) particularly listed manufacturing companies for a period of three years, between 2014 and 2016. Secondary data was collected via the audited financial statements of the companies. Meanwhile multiple regression analysis was used to test the hypothesis. The results indicate that conservatism has no significant effect on tax avoidance which is in congruence with the findings of Purwantini (2017).

Flowing from the reviewed works, the following hypotheses are therefore formulated:

Ho1: GAAP ETR does not have any significant effect on the degree of accounting conservatism.

Ho2: Tax motivated conservatism is less prevalent for the firms with high book-tax conformity.

Ho3: CASH ETR does not influence the degree of accounting conservatism.

### **Methodology**

The research design utilised for this study is correlational research design. The data used is time-series and cross-sectional in nature which is therefore pooled together to form a panel data set. It is a time-series considering the fact that it will use data from all firms in the consumer goods, conglomerate, industrial goods and health sector over a period of seven years (2014-2020) all after the adoption of IFRS in Nigeria and also cross-sectional in nature since data that will be used for the research cuts across the selected companies used for the study. The design is also correlational

research design because it is aimed at examining the effect of tax avoidance on accounting conservatism.

The population of this study comprises of all listed non-financial firms operating in the consumer goods, conglomerate, health and industrial sector of the Nigerian stock exchange. Due to unavailability of annual reports of some firms in all the observation years the study utilized a population of forty-eight firms instead of the 50 listed non-financial firms. Also of the forty-eight firms captured by the study some didn't publish their financial statements in some years as shown in the analysis above, leading to an unbalanced data for the relevant years of the study. In the first year only 36 firms representing 75% of the population published their annual report. In the second and year 43 firms representing 89.5% published their annual reports. From the third year down to the seventh year 45, 42, 40, 43, and 38 firms published their annual reports respectively accounting for 93.75%, 87.5, 83.3%, 89.6%, and 79.2% of the available population.

Data were collected through secondary sources such as; journals and other related materials, since they provide how others have defined and measure the key concepts. Also considering the fact that the variables are quantitative in nature, the published audited annual report of these companies was used, since it is a means through which value of variables used in arriving at the objective of the study can be obtained. This study will utilize correlation and regression analysis to ascertain the effect of tax avoidance on accounting conservatism on listed non-financial firms in Nigeria. GETR, CETR and BTM will be used to measure tax avoidance over a period of seven years. Unconditional conservatism is adopted as the measure for accounting conservatism.

The variables been considered in this study are conservatism as the explained variable and tax avoidance as the explanatory variable proxied by GETR (Generally accepted accounting principles effective tax rate), BTM (book-tax difference) and CETR (Cash effective tax rate). This study is undertaken to examine the effect of tax avoidance on accounting conservatism. The proxy for conservatism is unconditional conservatism following Givoly and Hayn's (2000) Negative Accruals Measure ("NA"). The variables specified in the model are measured as follows. In order to achieve the objective of the study based on the outlined variables and obtained values the following model is developed.

$$NA = a + \beta_1 GETR_{it} + \beta_2 ROA_{it} + \beta_3 LEV_{it} + \beta_4 FS_{it} + \epsilon_t$$

$$NA = a + \beta_1 CETR_{it} + \beta_2 ROA_{it} + \beta_3 LEV_{it} + \beta_4 FS_{it} + \epsilon_t$$

$$NA = a + \beta_1 BTM_{it} + \beta_2 ROA_{it} + \beta_3 LEV_{it} + \beta_4 FS_{it} + \epsilon_t$$

Where,

NA=Negative Accruals

a =constant

GETR it=generally accepted accounting principles effective tax rate at time t

CETR it=cash effective tax rate at time t

BTM it=book tax difference at time t

LEV it=leverage at time t

ROA it=return on asset at time t

FR it=firm size at time t

$\epsilon_t$ =error term at time t

i=entity

t=time

## Results and Discussion

This study uses numerical and secondary data for analysis. The data so collected were presented and analyzed in a logical and systematic manner using tables as shown below.

### Descriptive Analysis

The summary statistic of the explained and explanatory variables is presented in table 1

**TABLE 1: DESCRIPTIVE STATISTICS**

<b>Variables</b>	<b>Observation</b>	<b>Mean</b>	<b>STD.DEV</b>	<b>Minimum</b>	<b>Maximum</b>
<b>GETR</b>	287	-19.51165	307.0954	-5183.662	15.3128
<b>CETR</b>	287	0.0025128	1.813355	-26.7816	11.79752
<b>BTD</b>	287	-0.1941336	14.58498	-244.5202	3.862389
<b>NA</b>	287	-2368492	8.105842	-119.6184	64.24893
<b>Firm size</b>	287	10.0836	0.8842953	7.835545	12.23603
<b>Leverage</b>	287	8.256533	72.33739	-3.104231	737.5428
<b>ROA</b>	287	0.780814	0.304537	-1.102724	3.328261

Table 1 shows the nature of data collected and their distribution. The data set contains a total of 287 observations from 48 listed non-financial firms on the Nigerian stock exchange over a period of seven spanning 2014-2020.

The mean value of GETR is approximately -19.51165 indicating that on average firms get a tax credit of -19.51165 across the industry on profit before tax. The standard deviation of GETR shows the degree of variability from the mean to be high at approximately 307, this shows that the value portrayed by the mean could be misleading as there is a very high degree of disparity from the industry average. The minimum and maximum values for GETR as portrayed in the above table are -5183.662 and 15.3128 respectively.

The cash ETR has a low mean value of 0.0025128 showing that the average income tax paid by listed firm in the non-financial sector is 0.25% of profit before tax. This can be attributable to the

low value of GETR of firms across the industry. The standard deviation of 1.813355 shows the degree of disparity from the mean value for CETR. The respective minimum and maximum values are -26.7816 and 11.79752 this shows that the firm paying the minimum income tax receives a tax rebate of -26.7816 of profit before tax and the firm paying the highest income tax pays 11.79752 of profit before tax.

The mean value for BTD shows that the average disparity between book and taxable income for all firms in the industry is -.1941336 while the deviation from the mean is 14.58498. The minimum and maximum values of BTD are -244.5202 and 3.862389 respectively.

The mean values for ROA, leverage and firm size are .0780814, 8.256533 and 10.0836 respectively, showing that the average return on asset for firms in the industry is .0780814, firms are averagely levered at 8.256533 and the average firm size is 10.0836. The standard deviation of for ROA, leverage and firm size are

**TABLE 2: CORRELATION MATRIX**

<b>Variables</b>	<b>GETR</b>	<b>CETR</b>	<b>BTD</b>	<b>Unconc</b>	<b>LEV</b>	<b>F-size</b>	<b>ROA</b>
<b>GETR</b>	<b>1</b>						
<b>CETR</b>	<b>0.0784</b>	<b>1</b>					
	0.1853						
<b>BTD</b>	<b>0.9982</b>	<b>0.1309</b>	<b>1</b>				
	0.0000	0.0266					
<b>NA</b>	<b>-0.4605</b>	<b>-0.2167</b>	<b>-0.4607</b>	<b>1</b>			
	0.0000	0.0002	0.0000				
<b>LEV</b>	<b>-0.5831</b>	<b>-0.2965</b>	<b>-0.6048</b>	<b>-0.3455</b>	<b>1</b>		
	0.0000	0.0002	0.0000	0.0000			
<b>F-size</b>	<b>0.139</b>	<b>0.069</b>	<b>0.143</b>	<b>0.065</b>	<b>-0.231</b>	<b>1</b>	
<b>ROA</b>	<b>0.0195</b>	<b>0.0152</b>	<b>0.0389</b>	<b>0.0379</b>	<b>-0.0413</b>	<b>-0.0413</b>	<b>1</b>
	0.7419	0.7973	0.5118	0.5223	0.4863		

.3048537, 72.33739 and .8842953 respectively, all having a high degree of dispersion. The mean value for unconditional conservatism is -.2368492 while the deviation from the mean is 8.105842. The minimum and maximum values for conservatism are respectively -119.6184 and 64.24893.

The correlation coefficient represents the linear association or relationship between two variables; explained and explanatory and also between the explanatory variables themselves. The correlation matrix is designed to show whether there is a relationship between the IVs and DV. This table of values indicates that GETR has a negative relationship with NA to the tune of 46% and is significant at 5% level of significance. This implies that an increase in the level of GETR will result in a decrease by 46% of

conservatism. Also the relationship between CETR and NA is negative at 21.67% but significant at 5% level of significance indicating that any increase in CETR will result in a corresponding decrease in NA by 21.67%. The relationship between BTD and NA is negative at 46% and significant at 5% level of significance. The relationship between ROA and NA is positive at 38% but insignificant at 5%, while that of leverage is negative at 35% but significant at 5%.

**Regression Results**

This section discusses the regression result of unconditional accounting conservatism on tax avoidance. Unconditional accounting conservatism was regressed separately on the three independent variables.

**Unconditional Accounting Conservatism and GETR**

NA	coefficient	T	P-values
GETR	-.0264629	-4.58	0.000
FS	-.137063	-2.36	0.019
LEV	-.1045046	-2.32	0.021
ROA	.5594091	2.18	0.030
Constant	1.448071	2.32	0.021

R<sup>2</sup>=0.7806

$$NA=1.448071+\beta_1(.0264629)+\beta_2(.137063)+\beta_3(.1045046)+\beta_4.5594091$$

This implies that GETR, FS and LEV have a negative effect on NA, while ROA has a positive effect on NA. The table future shows that GETR, FS and LEV will influence NA to the tune of 2.6%, 13.7% and 10.5% respectively as such any increase in any of these variables will lead to a corresponding fall the level of NA by their respective percentages. ROA influences NA to the tune of 55.9%. The above table shows that there is a negative but significant relationship between GETR, FS and LEV at 5% level of significance. This is evidence in the respective coefficient values of -.0264629, -.137063 and -.1045046, T-values of -4.58, -2.36 and -2.32 and P-values of 0.000, 0.019 and 0.021. The above regression

result also shows that ROA has a positive significant relationship with NA at 5% level of significance. This is evidenced as portrayed by the respective coefficient, T and P-values of .5594091, 2.18 and 0.030. The R<sup>2</sup> which is the multiple co-efficient of determination gives the percentage or proportion of total variation in the dependent variable explained by the independent and control variables jointly. Hence the result of R<sup>2</sup> value of 78.06% indicates that the total variation in NA is caused jointly by GETR, FS, ROA and LEV while the remaining 21.94% is caused by other factors other than those captured in this model.

**Unconditional Accounting Conservatism and CETR**

Table 4:  $NA=a_0+\beta_1CETR_{it}+\beta_2ROA_{it}+\beta_3LEV_{it}+\beta_4FS_{it}+e_t$

NA	Coefficient	T	P-values
CETR	-1.563266	-1.02	0.309
FS	-.125567	-1.48	0.139
LEV	-.0505629	-0.81	0.420
ROA	.7042689	3.02	0.003
Constant	1.39573	1.66	0.098

R<sup>2</sup>=0.2209

$$NA=1.39573+\beta_1(.125567)+\beta_2(.125567)+\beta_3(.0505629)+\beta_4.7042689$$

This table portrays that CETR, FS and LEV all have negative effect on NA, while ROA has a positive relationship with NA. The table further shows that CETR, FS and LEV influence NA to the tune of 156%, 12.6% and 5.1% respectively as such any increase in any of these variables will lead to a corresponding fall the level of NA by the respective percentages. However the relationship portrayed above is insignificant for all the variables at 5% level of significance as show by the respective T and P-values. ROA influences NA positively to the tone of 70.4% and is significant at 5% level of significance as shown by the respective T and P-values of 3.02 and 0.003.

The R<sup>2</sup> which is the multiple co-efficient of determination gives the percentage or proportion of total variation in the dependent variable explained by the independent and control variables jointly. Hence the result of R<sup>2</sup> value of 22.09% indicates that the total variation in NA is caused jointly by CETR, FS, ROA and LEV while the remaining 77.91% is caused by other factors other than those captured in this model.

This shows that BTD, FS and LEV are all negatively associated with NA, while ROA is positively associated with NA. The further shows that BTD, FS and LEV influence NA respectively to the tune of 58.7%, 15.9% and 11.1%, as such, any increase in any of these variables will lead to a corresponding fall the level of NA by the respective percentages. The relationship is also significant at 5% level of significance as shown by the respective values of T and P in the above table.

The R<sup>2</sup> which is the multiple co-efficient of determination gives the percentage or proportion of total variation in the dependent variable explained by the independent and control variables jointly. Hence the result of R<sup>2</sup> value of 82.58% indicates that the total variation in NA is caused jointly by BTD, FS, ROA and LEV while the remaining 17.42% is caused by other factors other than those captured in this model.

**Unconditional Accounting Conservatism and BTD**

Table 5:  $NA = a_0 + \beta_1 BTD_{it} + \beta_2 ROA_{it} + \beta_3 LEV_{it} + \beta_4 FS_{it} + e_t$

NA	Coefficient	T	P-values
BTD	-.5873011	-5.27	0.000
FS	-.158914	-2.66	0.008
LEV	-.1105946	-2.74	0.007
ROA	1.080402	3.90	0.000
Constant	1.657473	2.61	0.009

R<sup>2</sup>=0.8282

$$NA = 1.657473 + \beta_1(.5873011) + \beta_2(.158914) + \beta_3(-.1105946) + \beta_4 1.080402$$

## Test of Hypothesis

Hypothesis 1: Ho1: GAAP ETR does not have any significant effect on the degree of accounting conservatism.

The general assumption under the test procedure is that when P-value is  $\leq 0.05$ ; the null proposition is rejected else the study fails to reject the null proposition if P-value is  $\geq 0.05$ . From the result of the regression model, P-value is estimated to be 0.000 indicating that a statistically significant relationship can be inferred from the interaction of variables considered. It therefore means that the null hypothesis fails to stand as such the study accepts the alternate hypothesis. Therefore GAAP ETR has significant effect on the degree of accounting conservatism.

Hypothesis 2: Ho2: CASH ETR does not influence the degree of accounting conservatism.

It can be inferred from the regression model that with a P-value 0.309 there is there is statistically no significant relationship between CETR and NA reason being that the P-value of 0.309 exceeds 0.05 alpha level of significance. This translates to the study failing to reject the null hypothesis. From the forgoing the null hypothesis is not rejected meaning that CASH ETR does not influence the degree of accounting conservatism.

Hypothesis 3: Ho3: Tax motivated conservatism is less prevalent for the firms with high book-tax conformity.

The regression result for this hypothesis shows a P-value of 0.000 which is less than the alpha value of 0.05 significance indicating that there exists a significant relationship as such the null hypothesis Tax motivated conservatism is less prevalent for the firms with high book-tax conformity is invalidated. This implies

that Tax motivated conservatism is prevalent for the firms with high book-tax conformity.

## Conclusions and Recommendations

After careful review of the results and discussion, as well as relevant literatures, the Study concludes that:

i. GETR used as a proxy of tax avoidance has a negatively significant effect on unconditional conservatism. This translates to that the higher the GETR the lower the degree of conservatism; this implies that conservative firms have low GETR.

ii. The study concludes that CETR does not influence the degree of accounting conservatism and the relationship is not negatively insignificant. As such conservative firms need not pay attention to CETR but to other factors that affect conservatism.

iii The study finally concluded that Tax motivated conservatism is prevalent for the firms with high book-tax conformity and the relationship is negatively significant. This simply means that the higher the degree of conformity between book income and taxable income the lower the level of conservatism. As such conservative firm should lower the degree of conformity between book and taxable income.

Based on the conclusions mentioned above, the following recommendations are made:

i. The government should through its relevant agencies identify loop holes in tax legislation and develop and implement relevant complementary laws to checkmate such loop holes to ensure loss of revenue through various avoidance techniques are discouraged.

ii. The government should identify appropriate mediums through which firms can be enlightened on the political and reputational cost of tax avoidance and its negative effect on firms.

iii. Regulatory agencies should also look into the concept of conservatism with the aim of limiting management's ability to discretionally utilize the concept at the expense of other stakeholders.

Our conclusions may not be generalisable to countries with lower level local GAAP that inhibit conservatism in their financial reporting. In addition, the study used only unconditional conservatism as the measure for accounting conservatism, future studies can utilise conditional conservatism as a measure of accounting conservatism. The study also only used GETR, CETR and BTD as proxies for tax avoidance, future studies can operationalize cash taxes paid/operating cash flow, Income tax expense/operating cash flow, Long-run cash ETR.

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# AN ASSESSMENT OF PRIVATE SCHOOLS' MANAGEMENT STRATEGIES AMIDST COVID-19 LOCKDOWN IN NIGERIA

**Yusuf Suleiman**

*Department of Educational Management and Counselling, Al Hikmah University, Nigeria*

**Rasaq Ramota Ajoke**

*Osun State University, Nigeria*

**Mustapha Adam Ishola**

*Department of Educational Management, University of Ilorin, Nigeria*

**Olajide Olamide Jemeelah**

*Department of Educational Management and Counselling,  
Al-Hikmah University, Nigeria*

## Abstract

*The sudden disruption of academic activities by Covid-19 in the year 2020, compelled government to introduce total lockdown in Nigeria. It is on this premise that this study examined private schools' management strategies amidst lockdown. Four questions were generated to guide the study. The research design of descriptive and correlation type were used for the study. The study population comprises of proprietors of nursery, primary and secondary schools across the six geo-political zones in Nigeria. An instrument tagged "Private School Management Strategies Questionnaire (PSMSQ)" was employed to collect comprehensive information from the respondents. Findings revealed different strategies employed for managing schools during the lockdown differs. While some perceived no significant difference on income and teaching strategies on the basis of gender, some perceived differences on the basis of population and communication. In the same vein, a significant difference exists on income generation and teaching strategies based on school type and geo-political zones. The study concluded that different strategies employed by proprietors for managing schools during lockdown helped to ensure seamless teaching and learning despite the lockdown. The study recommends that private schools should have uniform strategies that can be used to ensure continuous teaching if there is any pandemic in the future. Lastly, online teaching and learning should be integrated into the school curriculum*

**Keywords:** *Tax avoidance, Accounting Conservatism, Nigeria, Non-Financial Firms*

## Introduction

Globally, private investment in education has been on the increase. This is due to private investors' interest in refining school quality, and a quest for more creativity and innovation in schools themselves (Organization of Economic

Co-operation and Development, 2012). This has continued to gain wider acceptance in developed, developing and under-developed countries based on the premise that private actors can also serve the society better in terms of provision of

qualitative education. This hinged on the fact that government alone cannot cater for all people that are yearning for primary, secondary and higher education (Adeoye, Adanikin & Adanikin, 2020; Ejiogu, Okechukwu & Ejiogu, 2020). As captured in the Nigeria's National Policy on Education document, it allows private investors to participate fully in investing education, which is seen as a policy that is geared towards reducing the number of illiteracy rate as well as ensuring that people have access to education irrespective of race, ethnic, creed, religious or status (Federal Republic of Nigeria, 2014). This policy therefore enables private investors in establishing nursery, primary and secondary schools transversely the geo-political zones of Nigeria.

According to Yusuf, Zahyah and Thanslikan (2017), private schools tend to have better funding and better levels of success than publicly run schools. This is due to the fact that some private schools are community-oriented, while some are based on faith and they are connected to religious beliefs. Lewis (2007) is of the view that private schools are properly run because they are aided by grants and some are financially buoyant in terms of establishment and maintenance of the schools. Adebimpe, Adetunji, Nwachukwu and Hieu (2021) opined that private schools have more control over teaching strategies and management of the schools, this enable them to have greater cost savings benefits and have tendency to maximize profit in view of their huge investment in education.

Furthermore, the activities of the private schools were disrupted with the emergence of covid-19, ravaged the universe (Unhale, 2020). That is the reason why the disease was declared a pandemic on March 11th, 2020 due to the deadly nature of the virus. The ripple effects of covid-19 pandemic halted

academic activities across the length and breadth of the universe (Doherty, Odeyemi, Adeola, Amolegbe & Ajagbe, 2020; Chaudhary & Chaudhary, 2021; Ogunode, Ndubuisi & Terfa, 2021). As a result of the foregoing, the Federal Government of Nigeria declared total lockdown in the country that is geared towards the stemming of the virus. As the forced lockdown continues, owners of private nursery, primary and secondary schools in Nigeria continued academic activities via online as a way of ensuring non-disruption of academic calendar (Ifijeh & Yusuf, 2020; Yusuf & Ishola, 2020; Yusuf, Ishola, Modupe & Ayodeji, 2021).

Since the beginning of online learning in schools, many private schools devised various means of engaging their students via various social media platforms, which include facebook, whatsapp, googlemeet, skype, zoom, teleghram, etc (Awa & Akinfenwa, 2020; Unhale, 2020). Owing to the lockdown and private schools' management their schools as a result of the pandemic, this study examined private schools' management strategies amidst covid-19 lockdown in Nigeria. Specifically, the management strategies examined were investigated from the view point of participants' demographic information.

### **Literature Review**

The study investigated by Ranjbar, Hosseinpour, Shahriarirad, Ghaem, Jafari, Rahimi, and Hosseinpour (2021) on covid19 and attitude of students during lockdown concluded that covid-19 affected the sleeping pattern of the students that are at home as a result of lockdown imposed across the continent. The study of Awa and Akinfenwa (2020) on private schools' impact of online methods of educating students. The study employed survey method in eliciting responses from the teachers that

are teaching in private schools. The outcome of the study revealed that most schools employed whatsapp to reach out to both students and parents on the teaching of various subjects based on the class of the students.

The work of Yusuf and Ishola (2020) assessed the implications of covid-19 on educational system and concluded that the pandemic affected the academic calendar of schools at all levels. Specifically, the pandemic disrupted the West African Examination Council (WAEC), Joint Admission and Matriculation Board (JAMB), National Examinations Council (NECO), State and Federal Common Entrance Examination, Post-JAMB Examinations among others. Also, the pandemic halted the students and pupils that are to be transited to the next class or level as a result of the lockdown. Yusuf, Oyekunle, Ishola, Modupe and Ayodeji (2021) focused on perception of private schools' management strategies during covid-19 pandemic in Nigeria and established that private schools various means of reaching out to students in terms of ensuring seamless teaching and learning activities. The study recommends that additional study is needed on private schools' management strategies based on demographic characteristics.

The work of Mkpa (2020) on teachers' perceived adoption of social media in private junior secondary schools in Abia State, Nigerian using survey method. The outcome of the study indicates that teachers in junior secondary schools often make use of Whatsapp, Facebook, Telegram and Zoom in cheating students. The adoption of the social media platform was based on the nature of subjects that teachers teach. The study also affirmed that teachers had positive perception about the influence of social media influence in classroom, even though they do not adopt social media for learning related activities, rather, they employed

social media to connect with and exchange information with their colleagues and parents of the students. Gender difference was not significant as per the use of social media. The use of social media platforms ensured effective teaching of students that were preparing for junior secondary school examinations.

Rodney (2014) examined teachers' perception on influence of social media networking on students' participation in classroom activities using survey research design to elicit comprehensive information. The social media platforms used include Whatsapp, Email, Facebook and Youtube. The outcome of the study revealed that the use of email for disseminating information enhanced students' participation in classroom activities. The findings also revealed that significant difference with reference to social media based on gender and qualification. The study recommended that social media networking is an important precursor that can be used to ensure effective teaching and learning via online. The study of Peat and Maldonado (2006) found that the use of email, whatsapp and telegram impacted on students' academic success. Specifically, the sending of materials to students via online enabled students to have access to abundant information that they need to learn. The study of Cailen (2020) established that effective teaching strategies improved school effectiveness. Also, it was found that there is no significant difference on teaching strategies based on qualification of teachers, while significant difference was found based on gender and marital status.

Idemudia, Raisinghanl and Achebo (2017) assessed gender comparison and social media using survey method. The study revealed that compared to men, women have high perception on use of social media for teaching students in school. Also, compared to women, men have greater sense of knowledge quality

and happiness. In the same vein, Wood (2012) investigated teachers' attitude towards teaching management strategies in school based on length of service using elementary schools. The outcome of the study indicates that teachers who have spent years in teaching have better teaching management strategies than teachers who spend less years.

Er and Swzgin (2016)'s research on the relationship between communication strategies and school effectiveness in secondary schools established that text message strategy improved effective communication between parents and teachers on one hand and students and teachers on the other hand. Also, the study found that the use of phone call improved communication between school management and teachers on one hand and management and parents on the other hand. Kanthawongs and Kanthawongs (2013) focused on teachers' attitude on technology devices for effective teaching of students in classroom based on demographic characteristics. The outcome of the study revealed that use of projector and Power-Point slides improved effective teaching in classroom. Also, finding revealed a noteworthy difference for the use of projector based on gender and no significance difference based on length of service.

### **Research Questions**

1. What is significant difference in the perception of private schools' proprietors on management strategies based on gender?
2. What is the significant difference in the perception of private schools' proprietors on management strategies based on geopolitical zones?
3. What is the significant difference in the perception of private schools' proprietors' on management strategies based on

type of school?

4. What is perceived level of private schools' proprietors on management strategies during covid-19 lockdown?

### **Methodology**

Both descriptive and correlation of survey type were adopted as research design of the study. The population consists of all proprietors of private nursery, primary and secondary schools in Nigeria. An instrument titled "Covid-19 and Private Schools' Management Questionnaire (CPSMQ)" was adapted from the study conducted by Yusuf, Oyekunle, Mustapha, Oladimeji and Nwogu (2020) to elicit comprehensive information from the respondents. The instrument consists of two section A and B. Section contains the demographic information of the respondents while section B contains the items for measuring management strategies of the study. The management strategies used in this context include teaching strategy, communication strategy, population strategy, school community relationship strategy, and income generation strategy. Specifically, teaching strategy entails strategy that private schools employed in teaching pupils and students online during lockdown in Nigeria as a result of the covid-19 pandemic. Some of the items used to measure teaching strategy include the use of zoom, whatsapp, telegram, googlemate, and google classroom to teach students. Communication strategy encompasses the communication methods that private schools used in reaching out to students and parents so as to keep them informed. Some of the items used to measure communication strategy include the use of text message, whatsapp message, phone call, and email message. As per population maintenance strategy, it means the strategy used by private schools to ensure high participation of students via online teaching. On

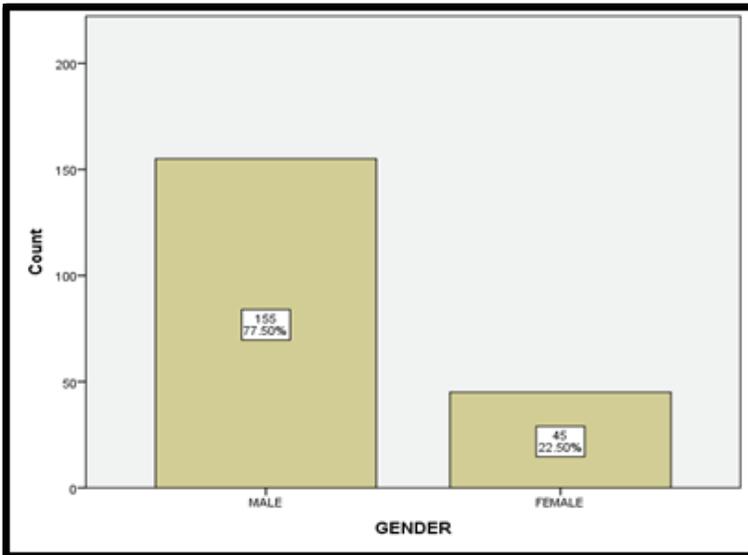
school community relationship strategy, it means the method employed in reaching out to community where schools are domicile or located. Some of the items used to measure it include discussion with the community via phone call on how to ensure an uninterrupted academic activities during lockdown, discussion with the community on how they can obey all covid-19 safety protocols so as to stem the increase in cases. On income generation strategy, it involves the method adopted by private schools in generating income despite the introduction of lockdown in Nigeria. Some of the items used to measure income generation include reduction of school fees, discussion with the parents and students on the need for them to pay school fees, and text message reminder via cellphone and whatsapp.

To ensure the validity of the items, it was given to experts in educational management for construct and content validity. All the observations were effected in the final draft of the instrument. Also, to

ensure adequate reliability of the instrument, pilot study was conducted using 50 proprietors of private nursery and secondary schools in Kwara State. The outcome of the study yielded a reliability index of 0.89. Due to lockdown that was imposed in Nigeria in 2020, which made it uneasy to administer questionnaire physically, questionnaires was administered via google form. Data collected were screened and analyzed via SPSS (Statistical Package and Social Sciences). Both inferential and descriptive analysis were achieved to provide answer to four research questions of the study.

### Results Demographic Background of Respondents

Descriptive analysis of the study was performed based on the demographic characteristics. The demographic information considered in the study include gender, geopolitical zone, and type of school. The analysis below indicates the descriptive analysis of the respondents' information is given below:



**Fig. 1 depicts the demography of the respondents. The table indicated that 22.5%are males while 77.5% were females. This implies that the both gender were represented in the study. Hence gives room for no bias.**

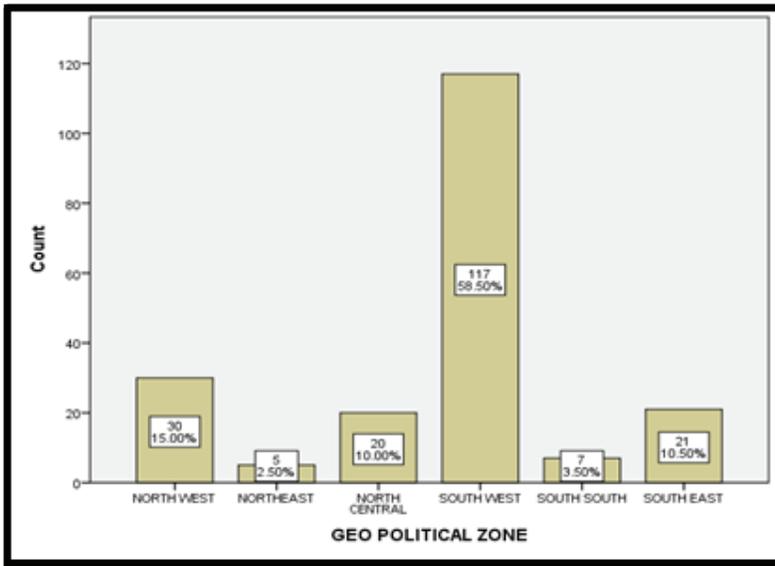


Fig. 2 displays the geopolitical distribution of the respondents. It indicated that SW (60%) is largest represented one followed by NW(15.3%), SE(10.77%), NC(10.26%) followed respectively, while NE(2.5%) has the least representation.

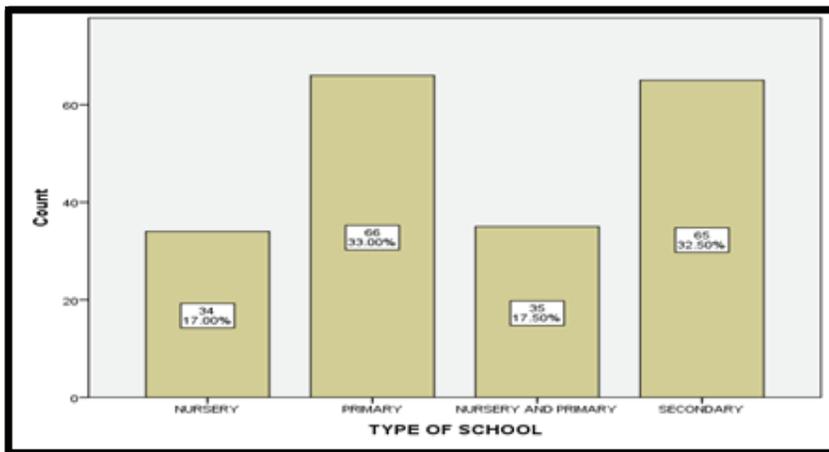


Fig. 3 displays the type of school operated by respondents. It indicated that a large percentage of the respondents operated primary school(33%), followed by secondary school(32.5%), nursery and primary(17.5%) respectively while 17% operated nursery school only which as the least percentage.

**Research Question 1: What is the significant difference of private schools' management strategies based on gender?**

**TABLE 1: ANALYSIS ON MANAGEMENT STRATEGIES BASED ON GENDER**

	<b>Variables</b>	<b>Gender</b>	<b>N</b>	<b>Mean</b>	<b>Std. Dev.</b>	<b>df</b>	<b>T</b>	<b>Sig. (2-tailed)</b>	<b>Decision</b>
A	Teaching strategy	Male	155	15.1097	4.6898	185.	-1.162	0.871	Not significant
		Female	32	15.2500	3.0268				
B	Communication strategy	Male	148	14.7297	5.3815	184	-2.195	0.029	significant
		Female	38	16.7105	2.7204				
C	Population strategy	Male	155	5.2194	2.2017	198	-1.864	.064	Not significant
		Female	45	5.8444	.82450				
D	School relationship strategy	Male	149	16.9195	3.5745	192	-4.339	.000	significant
		Female	45	19.2667	1.0745				
E	Income strategy	Male	143	9.1329	0.9946	186	1.717	.088	Not significant
		Female	45	8.7778	1.7306				

The table above in Column A revealed that there was no significant difference between male and female on teaching strategy that schools employed during the lockdown in Nigeria while column B revealed a significant difference in the perception of Male and Female on communication strategy during the lockdown. Column C showed no significance difference

in the perception of Male and Female on maintenance off class population while Column D showed a significant difference in the perception of Male and Female on school relationship strategy. Column E indicated a significant difference in the perception of Male and Female on income strategy during lockdown in Nigeria.

**Research Question 2: What is the significant difference of private schools' management strategies based on geopolitical zones?**

**TABLE 2: PRIVATE SCHOOLS' MANAGEMENT STRATEGIES DURING BASED ON GEOPOLITICAL ZONES**

<b>ANOVA</b>			<b>Sum of Squares</b>	<b>Df</b>	<b>Mean Square</b>	<b>F</b>	<b>Sig.</b>	<b>Decision</b>
A	Content delivery strategy	Between Groups	551.519	4	137.880	8.043	.000	Significant
		Within Groups	3120.139	182	17.144			
		Total	3671.658	186				

B	Teachers' communication strategy	Between Groups	1098.872	5	219.774	11.141	.000	Significant
		Within Groups	3550.767	180	19.726			
		Total	4649.640	185				
C	Population maintenance strategy	Between Groups	141.164	5	28.233	8.440	.000	Significant
		Within Groups	648.916	194	3.345			
		Total	790.080	199				
D	School-community relationship strategy	Between Groups	162.398	5	32.480	3.100	.010	Significant
		Within Groups	1969.849	188	10.478			
		Total	2132.247	193				
E	Income generation strategy	Between Groups	176.391	5	35.278	64.092	.000	Significant
		Within Groups	100.179	182	.550			
		Total	276.569	187				

As shown in table 2, column A revealed a significant difference among the six geopolitical on teaching strategy during covid-19 lockdown. However, post hoc was not done on teaching strategy as we observed that one of the geopolitical zones has fewer cases. Column B indicated a significant difference among the six geopolitical zones with respect to communication strategy that schools employed. Tukey's post hoc testing revealed significant differences between pairs of regions with north central and south east having fewer communication than South West, North-West, South-South and South-East. Therefore, this finding indicated that there are private schools proprietors in NW, SW, SS and SE communicate more with teachers than other regions. Column C revealed a significant difference among the six geopolitical zones with respect to class population during covid-19 lockdown. Tukey's post hoc test revealed North-Central and South-East employing minimal method of class population, South-South and South-West having the same while North-West and North-East maintain a high population strategy during the lockdown.

In the same vein, column D showed a significant difference among the six geopolitical zones with respect to school relationship during covid-19 lockdown. Tukey's post hoc revealed that North East has a low school community relationship during the lockdown, North Central, South West, North West and North East maintain the same level of school community relationship while South-South maintain a high school community relationship during the lockdown. Lastly, column E revealed a significant difference among the six geopolitical zones private with respect to income strategy during covid-19 lockdown. Tukey's post hoc revealed that the North Central maintains a very low perception on income generation strategies, South-East maintains a medium perception while South-West, North-West, North-East and South-South has a high perception on income strategy.

**Research Question 3: What is the significant difference of private schools' management strategies based on school type?**

**TABLE 3: PRIVATE SCHOOLS PROPRIETORS ON MANAGEMENT STRATEGIES BASED ON TYPE OF SCHOOL**

Label	Variables		Sum of Squares	Df	Mean Square	F	Sig.	Decision
A	Content strategy	Between Groups	737.112	3	245.704	15.322	.000	significant
		Within Groups	2934.546	183	16.036			
		Total	3671.658	186				
B	Communication strategy	Between Groups	206.366	3	68.789	2.818	.040	significant
		Within Groups	4443.274	182	24.414			
		Total	4649.640	185				
C	Population strategy	Between Groups	123.328	3	41.109	12.085	.000	significant
		Within Groups	666.752	196	3.402			
		Total	790.080	199				
D	School relationship strategy	Between Groups	127.633	3	42.544	4.032	.008	significant
		Within Groups	2004.614	190	10.551			
		Total	2132.247	193				
E	Income strategy	Between Groups	41.511	3	13.837	10.831	.000	significant
		Within Groups	235.058	184	1.277			
		Total	276.569	187				

As shown in table 3, column A revealed that a significant difference exists on management strategies (teaching strategy) based on school type  $F(3,183)=15.322$ ,  $p<0.05$ . Tukey's post hoc testing revealed that owners of nursery and primary ( $M=13.2000$ ,  $SD=5.64540$ ) and primary schools ( $M=13.2667$ ,  $SD=4.31735$ ) has a lower use of online teaching tools than proprietors of secondary ( $M=16.6308$ ,  $SD=2.90242$ ) and Nursery schools ( $M=18.1852$ ,  $SD=2.85599$ ). The findings also showed that secondary and nursery school owners used online teaching tools

such as zoom, telegram, facebook, whatsapp, and email more during the lockdown.

Column B indicates no significant difference on communication strategy based on school type. Column C showed displayed a significant difference exists on class population based on school type. Tukey's post hoc testing revealed that Nursery and primary school proprietors maintain high class population during the lockdown, followed by primary and secondary proprietors. However, nursery school proprietors had most class population maintenance strategy during the

lockdown in Nigeria. Perhaps, this might be due to parental participation in their children’s activities. Similarly, column D showed a significant difference exists on school community relationship. Tukey’s post hoc testing indicated Primary school proprietors has the least school-community relationship followed by Nursery and Nursery and primary school proprietors who maintained a neutral school community relationship while secondary school proprietors has the most school-community relationship. The findings showed that secondary school proprietors maintained

a higher school-community relationship than others. This might be due to the fact that secondary school deal with adolescent students. Column E indicated that a significant difference exists on based on school type. Tukey’s post hoc testing showed that primary school proprietors generate less income than secondary. Lastly, the findings revealed that most secondary school engaged students who were preparing for examinations (e.g. WAEC and NECO) during the lockdown. Therefore, they charge more fees for the training conducted for students.

**Research Question 4: What is the level of private schools’ management strategies?**

**TABLE 4: LEVEL OF PERCEPTION DIFFERENCE OF PRIVATE SCHOOLS PROPRIETORS ON MANAGEMENT STRATEGIES**

<b>Column</b>	<b>Variables</b>	<b>Frequency</b>	<b>Percent</b>
<b>A</b>	<b>Teaching delivery strategy</b>		
	Low	87	43.5
	Average	100	50.0
	High	13	6.5
	Total	200	100.0
<b>B</b>	<b>Teachers communication strategy</b>		
	Low	80	40.0
	Average	106	53.0
	High	14	7.0
	Total	200	100.0
<b>C</b>	<b>Population maintenance strategy</b>		
	Low	48	24.0
	Average	152	76.0
	Total	200	100.0
<b>D</b>	<b>School-community relationship strategy</b>		
	Low	113	56.5
	Average	81	40.5
	High	6	3.0
	Total	200	100.0
<b>E</b>	<b>Income generation strategy</b>		
	Low	95	47.5
	Average	93	46.5
	High	12	6.0
	Total	200	100.0

As displayed in Table 4, column A showed that majority of the respondents demonstrated average level of perception on teaching strategy 50%, followed by 43% of the respondents that demonstrated low perception while 6.5% demonstrated high perception. Column B showed that majority of the respondents demonstrated average level of perception on teachers' communication strategy 53%, followed by 40% of the respondents that demonstrated low perception while 7% demonstrated high perception. Column C showed that majority of the respondents demonstrated average level of perception on population maintenance strategy 76%, while 24% of the respondents that demonstrated low perception. Column D showed that majority of the respondents demonstrated low level of perception on school-community relationship strategy 56%, followed by 40.5% of the respondents that demonstrated an average perception while 3% demonstrated high perception. Column E showed that majority of the respondents demonstrated low level of perception on income generation strategy 47.5%, followed by 6% of the respondents that demonstrated Average perception while 6% demonstrated high perception.

## Discussion

Based on first research question of the study, which seeks to establish significant difference on private schools' management strategies based on gender, our findings revealed no significant difference between male and female respondents on teaching strategy, population strategy, and income strategy. This finding substantiated the study conducted by Mkpa (2020) that established that gender difference was not significant among secondary schools' teachers in terms of use of social media platforms for effective teaching in school. Idemudia et al., (2017) established that female have

a better and more important perception on ease of use, relative gain, compatibility, and risk when making use of social media. Findings also indicate that males have a greater knowledge quality compared to females. This is in tandem with the work of Cailen (2020) who concluded that gender was an important activation as a determinant of teacher use of cognitive activation activities. On the contrary, a significant difference was found for school community relationship strategy and communication strategy. The findings are in consonance with the study of Rodney (2014) who concluded that effective communication in the school system is an important factor for achieving the goals and objectives of education. Also, Jacob, Abigeal and Lydia (2020) found that private schools used online platform to teach some subjects that could not be taught during the normal class before the sudden disruption of classes.

The second research question was based on significant difference private school management strategies based on geopolitical zones of Nigeria. Findings revealed a significant difference among the six geopolitical zones. Specifically, a significant difference was established between north-central and south-east zones of the country having fewer communication strategy than north-west, south-east and south-south. The findings corroborated the study of Yusuf, Oyekunle, Ishola, Modupe and Ayodeji (2021) who found that private schools used communicate strategy for effective delivery of lessons. Also, findings showed that north-central and south-east employed minimal method of maintaining class population during the lockdown while south-west and north-west having the same minimal method. North-east maintain highest population strategy during covid-19 lockdown. Similarly, north-east, south-west and south-south have high

community relationship strategy than other zones. The study investigated by Ranjbar, Hosseinpour, Shahriarirad, Ghaem, Jafari, Rahimi, and Hosseinpour (2021) found that schools established positive relationship with students who are sleeping and relaxing at homes during lockdown.

The third research question was based on significant difference based on school type (nursery, primary and secondary school). Findings of the current research revealed a significant difference in terms of teaching strategy, school community strategy, income generation strategy, population maintenance strategy, and communication strategy. Specifically, it was established that nursery and primary schools do not often use online teaching methods compared to secondary schools who used online teaching methods to teaching their students based on the nature of the subjects taught during the lockdown period. It was also found that nursery and primary school has the least school community relationship while secondary school has higher community relationship. Our study also found that nursery and primary schools generate least income revenue unlike secondary schools that generated higher revenue. The findings are in support of the study examined by Ranjbar, Hosseinpour, Shahriarirad, Ghaem, Jafari, Rahimi and Hosseinpour (2021) who found that private schools are active in terms of implementing policy that is geared towards maximizing profit. The current findings are in sync with the study of Mkpka (2020) who found that private schools employed online tools for teaching students.

The fourth research question seeks to establish the level of perception of private schools' management strategies during lockdown period. Findings indicated an average perception on the basis of

teaching strategy, average perception on communication strategy, and average perception on population strategy. Also, low perception was recorded for school community relationship strategy and income generation strategy in the majority of the private schools. The findings coincide with the study of Yusuf, Oyekunle, Ishola, Modupe and Ayodeji (2021) who established high and low perception on teaching methods employed during lockdown in Nigeria.

### **Conclusion and recommendations**

It can be said that as a result of covid-19 pandemic, which obstructed the normal conventional means of schooling in Nigeria, the lockdown introduced forced some private schools' owners to device means of ensuring uninterrupted academic calendar. Therefore, based on the findings of the current study, therefore, it can be concluded that perception of proprietors on management strategies during Covid-19 differs. In addition, high management strategies were employed by proprietors of private schools during the pandemic lockdown. Therefore, this study recommends that:

1. Proprietors of private schools should have a uniform management strategy like their public school counterparts
2. Proprietors of private schools should organize a uniform curriculum through National Association of Private schools proprietors.
3. National Association of Private schools proprietors should place fine on schools who go against the laid down rules on private schools management in Nigeria.
4. Private school proprietors should strengthen their school community relationship by ensuring cooperate social responsibilities.

5. Private schools' proprietors should improve on income generation strategy in Nigeria.

### **Suggestions for future research**

Firstly, as captured in the research questions, three demographic characteristics of the respondents were used to establish the differences in private schools' management strategies that were employed during the covid-19 lockdown in Nigeria. Based on the foregoing, additional studies are needed to focus on other aspect of demographic information of the respondents such as academic qualification, length of service, and religion with a view to establishing whether similar result will be found or not. Secondly, it will be recalled that five management strategies were considered in this study, which helped private schools in ensuring uninterrupted academic activities during lockdown. The strategies include teaching, communication, population, community relationship, and income strategies. Thus, more studies are needed to explore other strategies such as teaching monitoring strategy, evaluation strategy and meeting strategy so as to know how other strategies aside the ones used in the present study can be used to measure the overall performance of private schools during lockdown in Nigeria. Thirdly, only proprietors of private schools in Nigeria were used to elicit relevant information for the study, therefore, additional research is needed to be conducted to use teachers and parents as respondents to confirm or disconfirm the present findings. Alternatively, mixed methods approach (survey and interview) can be used to investigate private schools' management strategies during lockdown period. In the same vein, researchers may investigate private schools' management strategies using qualitative approach only (interview). This will

enable the investigators to get comprehensive information from the proprietors on how they manage their schools during the pandemic. Lastly, extensive research can be carried out to assess the impact of private school management strategies as determinants of students' academic success.

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## LIFESTYLE SEGMENTATION IN THE CONTEXT OF COVID-19

**Mansurali**

*Assistant Professor (Senior Grade)  
PSG Institute of Management, India*

**Deepa**

*Associate Professor  
PSG Institute of Management, India*

### **Abstract**

*Lifestyle is a set of characteristics consisting of daily routine, diet, fun activities, work and family of individuals. A review of previous research revealed that many studies were conducted to analyze the lifestyles of respondents using attitudes, opinions and interests with an objective to understand their buying behavior. A general clustering of respondents based on their lifestyles, in the context of COVID-19, would be useful for stakeholders like marketers, health care professionals and Government officials. Hence this paper attempts to group respondents based on their lifestyles. The study had a sample of 275 respondents from Tamilnadu, South India. A set of 32 questions based on the Activities, Interests and Opinions (AIO) model were used. Factor analysis, to arrive at meaningful aspects to group the respondents yielded 6 factors, based on which the respondents were grouped. Their demographic constitution was also examined. The study showed the existence of six distinct clusters in the context of COVID-19. This grouping has important implications for Government, Marketers and Healthcare officials to direct their communication, products and services, specific to those clusters. A review of literature showed a dearth of studies on lifestyle conducted during a pandemic in the Indian context. This study addresses the lacuna and would serve as a prototype that can be replicated on larger samples across countries to understand the impact of a pandemic on lifestyles of people. The study also threw light on the perspectives people have about them, their work and life.*

**Keywords: COVID-19, lifestyle segmentation, cluster analysis, pandemic, lifestyle changes**

### **Introduction**

Lifestyle is a way of life of individuals. It is a set of characteristics, consisting of the daily routine of individuals, concerning their diet, fun activities, work, and family. Marketers always had a great interest in understanding the lifestyle of people, as it helps them to devise appropriate marketing communication to grab the attention of their target customers. It

is also considered important to understand the standard of living of people and their health conditions, so that the Government can design appropriate schemes for their benefit. From the perspective of marketers, lifestyle means that people can be grouped based on the things they like, things they do, how they spend their leisure time and how they

spend money (Krishnan, 2011). Life style has been studied to a great extent by marketers. (Lazer, 1963) brought out the relationship between lifestyle and marketing and since then it has become an important concept in segmenting markets and understanding target customers. Alexander (2020) states that lifestyle segmentation is more accurate in predicting consumer behavior, compared to demographic segmentation and it is of greater value to marketers. Lifestyle of people was understood and analyzed based on various dimensions. For example, lifestyle can be seen as a combination of attitudes, values and opinions (Pessemir & Tigert, 1966). Alternatively, the VALS framework segmented US adults using two dimensions namely primary motivation and resources (Strategic Business Insights, 2021). The List of Values (LOV) is a methodology to classify people base on the values they prioritize (Kahle & Kennedy, 1988). PRIZM is proprietary census-based database, which can be used with VALS to classify adults in the US context (Moss, Kirby & Donodeo, 2009). All these frameworks were developed in the US context and hence have to be adapted for contexts outside of the United States. A recent study has proved that traditional methods like factor analysis and cluster analysis can be used to segment people effectively and hence could be a viable alternative for proprietary frameworks such as VALS and PRIZM (Alexander, 2020). Since its origin at Wuhan, China in 2019, COVID-19 has had a significant impact on the life of individuals. Given this context, this paper aims to examine the effect of COVID-19 on the lifestyle of people and group them based on their lifestyles using cluster analysis which was proven to be a viable alternative. Considering the impact created by COVID-19 on the day-to-day life of people, this paper has important implica-

tions for marketers who wish to understand their target customers.

### **Literature Review**

Lazer defined lifestyle pattern as "a system concept. It refers to a distinct mode of living in its aggregate and broadest sense. It embodies the patterns that develop and emerge from the dynamics of living in a society" (1963, p.130). The roots of the concept can be traced back to the sixteenth century, where it featured in the writings of poets, naturalists and philosophers (Ansbacher, 1976). Alfred Adler played a major role in developing the lifestyle concept, as it was the crux of Adlerian psychology (Anderson & Golden, 1984). While Adler believed on the uniqueness of each individual, he also recognized similarities among individuals and their lifestyle, "suggesting the existence of lifestyle typologies" (Ansbacher, 1976). The lifestyle concept was considered in the context of consumer behavior as early as the fag end of 1950. Several researchers (Bell, 1958; Rainwater et al., 1959; Havinhurst & Feigenbaum, 1959) pointed to the significance of understanding and predicting consumer behavior in devising marketing strategies and thus lifestyle was extensively researched by marketers.

Lifestyle has been conceptualized in many ways. In the marketing literature, it has been persistently defined as characteristic pattern of behavior (Anderson & Golden, 1984). It is an integrated system of attitudes, values, opinions, and interests as well as overt behavior (Berkman & Gilson, 1978). However, Wilson (1966), Pessemier and Tigert (1966), and Wells (1968) came out with the most popular and widely used conceptualization of lifestyle namely attitudes, interests and opinions. Activities show how people spend their time, interests denote their priorities and preferences, and opinions are how they feel about a

variety of events. The VALS framework classifies people into 8 groups based on two dimensions namely primary motivation and resources. The framework identifies innovators, thinkers, achievers, experiencers, believers, strivers, makers and survivors based on the ideals, achievement and self-expression of respondents. VALS framework is also based on the premises that an individual's desire to buy products and services goes beyond age, income etc., and includes factors like energy, novelty seeking, intellectualism, impulsiveness, innovativeness etc. (Strategic Business Insights, 2021).

Lifestyle analysis is considered as a very important prerequisite for formulating marketing strategies (Lazer, 1963; Jones, 1962). It also helps in the accurate assessment of needs of the target market segment, in which case, the demographic details alone are not adequate (Forrest & Blumberg, 1981). According to Ahmed and Jackson (1979), lifestyle analysis reduces a large group of heterogeneous customers into a few basic groups and hence is of great value to marketers. Lifestyle analysis can also be used to monitor changes in the population (Blackwell & Rogers, 1980; Mitchell, 1983). Aaker and colleagues (1982) confirm that lifestyle analysis could be used in promotion. According to Berry (1983) it could be used to create brand identity. Krishnan (2011) claims that lifestyle analysis provides a three dimensional view of customers and hence is an effective tool for marketers to devise their strategies. The lifestyle of people was analyzed by many researchers for various purposes. The lifestyle profiles of commercial credit card users was studied by Plummer (1971). In a study on slimmer brand apparel users, Richard and Sturman (1977) analyzed the lifestyle of 1000 women from urban households and classified them as conservative, fashionable,

brand-conscious, outgoing and home/price oriented. Burns and Foxman, (1988) used lifestyle analysis to build the lifestyle profiles of working women, whereas Robertz and Wortze (1979) used the same to understand the shopping behavior of women. Reynolds and Wells (1978) used lifestyle analysis to segment the market, develop product strategy and marketing communication strategy.

In the Indian context, a few studies have used lifestyle analysis to segment the consumers. Jain (2020) conducted a study on the consumer behavior of respondents situated in Delhi and National Capital Region (NCR) and classified them into three clusters namely nesters, opinion leaders and collectivists. The characteristics used to cluster them were dependencies on parents, group or community orientation, attitude towards health etc. In another study on buyer behavior, Chari and Reddy (2021) used VALS framework in the Indian context to segment consumers in the food and grocery retail area to understand their eco-label awareness. However, their paper does not discuss whether the VALS framework was effective. Neither do they discuss the characteristics of different categories under VALS. Ota and colleagues (Ota, Verma, & Agarwal, 2020) used VALS framework to study the effect of consumer lifestyle on buyer behavior, in the FMCG sector. Krishnan (2011) classified the respondents into purchase interested, family oriented and innovative lifestyle clusters. The purchase interested cluster preferred to be in large groups; the family oriented cluster wished to spend time with family and the innovative lifestyle cluster were interested in voluntary activities and community projects. Verma and Hanspal (2000) used lifestyle analysis to profile the middle class consumers of Delhi. They classified the customers into clusters namely stay-at-home traditional-

ists (enjoy household work, love cooking but do not enjoy eating), progressive providents (make effort to save money, no interest in newspapers and shopping), security seekers (outgoing, get away from home to enjoy, not store loyal), conservatives (vote regularly in election, do not watch television much), the privileged (enjoy shopping and try new brands), and the independents (favor the concept of nuclear family, not store loyal). Shirali and Singh (1997) used lifestyle analysis to group men into lifestyle groups based on their status symbol. Lifestyle analysis was also used to examine the purchasing pattern of individuals (Rao & Natarajan, 1996), and understand the behavior of two -wheeler owners (Kapur, 1995). Roy and Goswami (2007) studied the purchase frequency of college goers and clustered them into five groups namely life-loving go-getters, politically conscious positivists, independent-minded, destiny believing pessimists, and happy-go-lucky dependants. The studies conducted in the Indian context had segmented the respondents based on their lifestyles. However, the objective was to understand their buying behavior and purchase frequency which has a marketing orientation. Given the impact of COVID-19, it will be of great value to understand how the pandemic has affected the lifestyles of people. A general clustering of respondents in the context of COVID-19 would be useful for many stakeholders like marketers, health care professionals and Government officials. A review of literature showed a dearth of studies on lifestyle segmentation conducted during a pandemic in the Indian context. This study aims to address the lacuna and attempts to group the individuals based on their attitudes, interests and opinions, at a time when they were living through the pandemic. The study also aims to demonstrate that traditional methods like cluster analysis can be used to segment people based on lifestyles in

order to understand the various attributes of people. It has the following objectives.

### **Objectives**

To assess the lifestyle of respondents and cluster them according to the same

To describe the characteristics and demographic constitution of the clusters.

### **Methodology**

The study employed a descriptive research design as it aimed to describe the lifestyle patterns of respondents in the context of COVID-19. Descriptive research involves gathering data that describe events, organizing, and tabulating in order to understand a particular aspect of the respondents (Glass & Hopkins 1984). The study is quantitative in nature since it aims to identify the pattern and relationship among variables within a specific sample of a population (Cooper & Schindler, 2008). Research was carried out in the state of Tamil Nadu where the reported Covid'19 infections were high among the states of India (Mygov.in, 2020). A strict lockdown was imposed by the Government and hence it was considered as an ideal ground for this research. Snowball sampling, a non-probabilistic sample method was used to include respondents from all walks of life. Since the study had to include respondents from all walks of life, that too when the pandemic was in progress and the population was diverse and hence hard to reach, snowball sampling was used. In the first stage, the survey link was sent to the close contacts of the authors, with a request to share the same among their contacts. This approach yielded 300 responses, out of which 275 were complete and considered as the sample for the study. The sample size is justified according to Mundfrom and colleagues (2005) who stated that the sample size is good enough if its 3 to 20 times the number of variables considered

for factor analysis. Data collection was carried out primarily through the survey using a structured questionnaire. In order to assess the lifestyle, the framework proposed by Plummer (1971) was used. The framework included attitudes, interests, opinion and demographics. Statements were constructed on a five-point scale to assess activities, interests and opinions. The final questionnaire had 32 statements. The demograph-

ics like age, gender, education level, economic status, COVID-19 zone etc were also collected. The survey link was sent to the respondents through Google Forms. Analysis and results of the research were presented employing methods such as factor analysis, ANOVA and descriptive statistics using a statistical analysis tool SPSS 22. The demographics of the respondents is presented in Table I

**TABLE I: DEMOGRAPHICS OF RESPONDENTS**

<b>1</b>	<b>Gender</b>	<b>N</b>	<b>%</b>	<b>2</b>	<b>Relationship status</b>	<b>N</b>	<b>%</b>
	Male	163	59.3		Single	110	40
	Female	112	40.7		Married	163	59.3
	<b>Total</b>	<b>275</b>	<b>100</b>		Divorced	2	0.7
					<b>Total</b>	<b>275</b>	<b>100</b>
<b>3</b>	<b>Received Salary during Lock down</b>	<b>N</b>	<b>%</b>	<b>4</b>	<b>Connect with family</b>	<b>N</b>	<b>%</b>
	Yes	189	68.7		Away From Family	47	17.1
	No	86	31.3		With Family	228	82.9
	<b>Total</b>	<b>275</b>	<b>100</b>		<b>Total</b>	<b>275</b>	<b>100</b>
<b>5</b>	<b>Economic status</b>	<b>N</b>	<b>%</b>	<b>6</b>	<b>Corona Zone</b>	<b>N</b>	<b>%</b>
	Lower Middle Class	6	2.2		Green	34	12.4
	Middle Class	144	52.4		Orange	53	19.3
	Upper Middle Class	118	42.9		Red	188	68.4
	Upper Class	7	2.5		<b>Total</b>	<b>275</b>	<b>100</b>
	<b>Total</b>	<b>275</b>	<b>100</b>				
<b>7</b>	<b>Lockdown job status</b>	<b>N</b>	<b>%</b>	<b>8</b>	<b>Age</b>	<b>N</b>	<b>%</b>
	Not Working	89	32.4		18-25	82	29.8
	Work from Home	156	56.7		26-35	88	32.0
	Going to Office	30	10.9		36-45	51	18.5
	<b>Total</b>	<b>275</b>	<b>100</b>		46-55	32	11.6
					Above 55	22	8.0
					<b>Total</b>	<b>275</b>	<b>100</b>
<b>13</b>	<b>Education</b>	<b>N</b>	<b>%</b>	<b>14</b>	<b>Employment Status</b>	<b>N</b>	<b>%</b>
	Diploma	4	1.5		Unemployed	38	13.8
	UG	56	20.4		Home Maker	18	6.5
	PG	189	68.7		Employed	175	63.6
	PhD	26	9.5		Self-employed	44	16.0
	<b>Total</b>	<b>275</b>	<b>100</b>		<b>Total</b>	<b>275</b>	<b>100</b>

## Analysis

A non-hierarchical cluster analysis technique was used to group the respondents into distinct clusters. As a preamble for cluster analysis, a principal component factor analysis (with varimax rotation) was performed on the 32 statements to group them into meaningful constructs, with which the clusters could be described. Factor analysis helps to regroup the variables into clusters, using the variance existing among the factors. It is a dimension reduction technique, which employs mathematical procedure to explore the inter related measures to identify patterns among the set of variables (Child, 2006)

A set of conditions like outliers, sample size adequacy, and the linear relationship among the individual variables need to be checked before attempting to do the factor analysis. In this study, there were no outliers in the sample and the sample size was adequate as confirmed by the G-power analysis.

In order to understand the linear relationship between variables, the Kaisey-Meyer-Olkin (KMO) test for sampling adequacy was done. This is a pre-requisite to run principal component analysis. The KMO value ranges from 0 to 1 and a value above 0.6 is the minimum requirement for sampling adequacy, a value above 0.8 is considered as a strong measure. The

KMO test yielded a value of 0.87, and the Bartlett's test of sphericity, with a significant value of .000 affirmed the suitability of data for the factor analysis using principal component method. After checking the prerequisites, a factor analysis was performed, which yielded 6 factors with 65.5 percent of variance being explained. The factors were named as daily routine, coping mechanism, perspectives about work, perspectives about life, leisurely activities, and perspectives about self.

Using these factors as the basis, the respondents are to be classified into clusters. K-means clustering is widely used to group the people based on their psychographic characteristics. Voges et al., (2002) and Moran (2003) segmented the variables related to psychographic characteristics of shopping orientation and web purchase intentions with K-means clustering and the rough clustering method validated the importance of clustering techniques for marketers to target right consumers. Hoontrakul and Sahadev (2008) applied K-means clustering for the creation of market segments using the consumer profiles of online travel industry. In this study also, the factors yielded by the factor analysis were used as the basis and a k-means clustering was performed. As a result, the respondents were grouped into six clusters. The mean values of the factors across these clusters are presented in Table II.

**TABLE II: CLUSTERS AND MEAN VALUES OF FACTORS ACROSS CLUSTERS**

Factors	Mean Values of Factors in Clusters					
	A	B	C	D	E	F
Daily Routine	3.92	4.14	2.94	1.79	2.11	2.68
Coping Mechanism	3.89	4.31	2.28	2.37	4.14	3.86
Perspectives about work	4.30	4.08	3.52	3.12	4.01	2.60
Leisurely activities	4.03	2.34	3.02	2.85	2.70	3.98
Perspectives about Self	4.03	4.24	3.70	2.83	3.90	3.69
Perspectives about Life	4.67	4.34	3.84	3.04	4.48	4.26
Number of Respondents	<b>42</b>	<b>77</b>	<b>56</b>	<b>18</b>	<b>48</b>	<b>34</b>

To examine the distinct nature of the clusters, an ANOVA was performed to examine if there are significant differences across the clusters. The results of ANOVA are presented in Table III.

A description of the individual clusters will yield important implications for readers from different domains.

**TABLE III: ANOVA ACROSS CLUSTERS**

	Cluster		Error		F	Sig.
	Mean Square	Df	Mean Square	df		
Daily Routine	38.981	5	.367	269	106.354	.000
Coping Mechanism	36.700	5	.370	269	99.248	.000
Perspectives about work	15.955	5	.418	269	38.134	.000
Leisure Activities	23.104	5	.488	269	47.313	.000
Perspectives about self	6.759	5	.277	269	24.411	.000
Perspectives about life	9.233	5	.352	269	26.251	.000

It is evident from the ANOVA results that the respondents have been grouped into distinct clusters, as there is a significant difference in the mean values of the factors, based on which clustering was done. The respondents have been grouped into six groups, based on their daily routine, leisure activities, coping mechanisms, and their perspectives about self, work, and life. Previous research in the Indian context (Jain, 2020; Krishnan, 2011; Roy & Goswami, 2007; Verma & Hanspal, 2000) had used segmentation from the marketing perspective, to understand their buying behavior and the clusters were formed in accordance with that objective. This study differs from the previous studies and has used factors such as perspectives about self, work, life, coping mechanisms as basis for clustering and hence is a unique effort in the context of COVID-19.

**Description of clusters**

Each cluster has some distinct features and a specific demographic configuration.

**Cluster A**

This cluster is characterized by a systematic life style, complemented by good coping strategies. There is enough time invested on leisurely activities and there is an optimistic perception about self and work. The perspective of this cluster towards life is extremely optimistic.

Out of the respondents, 67 percent have a family size of 3 to 4 members, 64 percent are men, 93 percent are from middle and upper middle class, 70 percent had received their salaries and 74 percent are working from home. Most of the respondents (74 percent) are from the red zone, where COVID-19 is in its peak and 79 percent of the respondents were with their families.

**Cluster B**

The respondents in this cluster lead a systematic life style with good coping strategies. However, they do not spend much time on leisurely activities. They

seem to be seriously oriented towards work. Their overall perception about self, work and life is optimistic.

This cluster has significant representations (14 to 28 percent) from all age groups and gender. Among the respondents, 82 percent are married, most of them (70 percent) have 3 to 4 family members, and were largely connected with their family (87 percent). About 22 percent of respondents in this cluster had to go the office for work, even during lockdown period. The cluster consists of 21 percent people with a PhD degree. Most of the respondents in this cluster (96 percent) are from the middle and upper middle class. As most of them are married, they might have had the necessity to balance work and life and hence were not able to spend time on leisure activities.

### **Cluster C**

The respondents who constitute this cluster are moderately systematic in their daily routine. However, their coping strategy is not positive and they do not seem to spend much time in leisure activities. They are moderately optimistic about their self, work and life.

In this cluster, 46 percent of respondents did not receive their salary and 48 percent were not working. The cluster had equal numbers of married and single respondents, and 98 percent of the respondents were from middle class and upper middle class.

### **Cluster D**

This cluster is characterized by an irregular daily routine. There is not much time for leisure activities and added to that their coping strategies are also not good. Their perception about themselves is pessimistic. However, they seem to be

slightly optimistic about their work and their life.

In this cluster, 44 percent of respondents are in the 18-25 age group and 72 percent of them are singles. About 83 percent of respondents belong to a family of 3 to 4 members and 78 percent of them lived in the red zone. Among the respondents, 67 percent had to work from home and only 67 percent were with their families. The age group, being in the red zone and most of them being away from family could be the reasons for the irregular lifestyle and poor coping strategies. As they were in the red zone and away from family, their perspective about self was pessimistic. However, they were positive about their work and life.

### **Cluster E**

Despite having an irregular daily routine and spending less time on leisure activities, the respondents of this cluster seem to have good coping strategies. They are moderately optimistic about self and work and have a positive perspective towards life.

This cluster had 63 percent of married respondents and 92 percent of respondents in the red and orange zones. All the respondents belonged to the middle and upper middle class and 88 percent of the respondents were between 18 to 45 years of age. Among the respondents, 85 percent were with family and 60 percent had to work from home.

### **Cluster F**

The respondents of this cluster have a moderately regular lifestyle and adopt good coping strategies. However, their perspective about work is pessimistic. They are optimistic about self, and life.

In this cluster, 59 percent of the respond-

ents are single, men and women are in equal numbers and 62 percent of the respondents are not working. The cluster also has 77 percent of respondents from the red zone and 82 percent of them are with their families. As most of them are not working, the perspective about work is pessimistic. Most of them are with their families and hence they have healthy coping mechanisms, despite being in the red zone and not having a job to focus on.

## Demographics of Clusters

The 275 respondents were grouped based on 6 lifestyle variables namely daily routine, leisure activities, coping mechanisms, perspectives about self, work and life. The resultant 6 clusters were significantly different in the mean values of these variables. The demographics of the clusters is presented in Table IV.

TABLE IV: DEMOGRAPHICS OF CLUSTERS

Demographics	Category	A		B		C		D		E		F	
		N	%	N	%	N	%	N	%	N	%	N	%
Age	18-25	14	33.3	10	13.0	18	32.1	8	44.4	15	31.3	17	50.0
	26-35	16	38.1	19	24.7	21	37.5	7	38.9	12	25.0	13	38.2
	36-45	0	0.0	21	27.3	12	21.4	3	16.7	15	31.3	0	0.0
	46-55	8	19.0	16	20.8	2	3.6	0	0.0	2	4.2	4	11.8
	Above 55	4	9.5	11	14.3	3	5.4	0	0.0	4	8.3	0	0.0
	<b>Total</b>	<b>42</b>	<b>100</b>	<b>77</b>	<b>100</b>	<b>56</b>	<b>100</b>	<b>18</b>	<b>100</b>	<b>48</b>	<b>100</b>	<b>34</b>	<b>100</b>
Gender	Male	27	64.3	45	58.4	36	64.3	8	44.4	30	62.5	17	50.0
	Female	15	35.7	32	41.6	20	35.7	10	55.6	18	37.5	17	50.0
	<b>Total</b>	<b>42</b>	<b>100</b>	<b>77</b>	<b>100</b>	<b>56</b>	<b>100</b>	<b>18</b>	<b>100</b>	<b>48</b>	<b>100</b>	<b>34</b>	<b>100</b>
Marital Status	Single	17	40.5	14	18.2	28	50.0	13	72.2	18	37.5	20	58.8
	Married	24	57.1	63	81.8	28	50.0	5	27.8	30	62.5	13	38.2
	Divorced	1	2.4	0	0.0	0	0.0	0	0.0	0	0.0	1	2.9
	<b>Total</b>	<b>42</b>	<b>100</b>	<b>77</b>	<b>100</b>	<b>56</b>	<b>100</b>	<b>18</b>	<b>100</b>	<b>48</b>	<b>100</b>	<b>34</b>	<b>100</b>
Family Size	1 to 2	4	9.5	5	6.5	6	10.7	1	5.6	3	6.3	3	8.8
	3 to 4	28	66.7	54	70.1	38	67.9	15	83.3	35	72.9	18	52.9
	5 to 6	5	11.9	12	15.6	8	14.3	2	11.1	6	12.5	12	35.3
	Above 6	5	11.9	6	7.8	4	7.1	0	0.0	4	8.3	1	2.9
	<b>Total</b>	<b>42</b>	<b>100</b>	<b>77</b>	<b>100</b>	<b>56</b>	<b>100</b>	<b>18</b>	<b>100</b>	<b>48</b>	<b>100</b>	<b>34</b>	<b>100</b>
Education	Diploma	2	4.8	2	2.6	0	0.0	0	0.0	0	0.0	0	0.0
	UG	5	11.9	14	18.2	15	26.8	5	27.8	10	20.8	7	20.6
	PG	27	64.3	45	58.4	40	71.4	13	72.2	37	77.1	27	79.4
	PhD	8	19.0	16	20.8	1	1.8	0	0.0	1	2.1	0	0.0
	<b>Total</b>	<b>42</b>	<b>100</b>	<b>77</b>	<b>100</b>	<b>56</b>	<b>100</b>	<b>18</b>	<b>100</b>	<b>48</b>	<b>100</b>	<b>34</b>	<b>100</b>
Emp. Status	Unemployed	7	16.7	4	5.2	9	16.1	2	11.1	7	14.6	9	26.5
	HomeMaker	0	0.0	7	9.1	3	5.4	1	5.6	4	8.3	3	8.8
	Employed	27	64.3	52	67.5	32	57.1	13	72.2	32	66.7	19	55.9
	Self Employed	8	19.0	14	18.2	12	21.4	2	11.1	5	10.4	3	8.8
	<b>Total</b>	<b>42</b>	<b>100</b>	<b>77</b>	<b>100</b>	<b>56</b>	<b>100</b>	<b>18</b>	<b>100</b>	<b>48</b>	<b>100</b>	<b>34</b>	<b>100</b>
Lockdown Job Status	Notworking	9	21.4	11	14.3	27	48.2	5	27.8	16	33.3	21	61.8
	Work from H	31	73.8	50	64.9	25	44.6	12	66.7	29	60.4	9	26.5
	Going to Off	2	4.8	16	20.8	4	7.1	1	5.6	3	6.3	4	11.8
	<b>Total</b>	<b>42</b>	<b>100</b>	<b>77</b>	<b>100</b>	<b>56</b>	<b>100</b>	<b>18</b>	<b>100</b>	<b>48</b>	<b>100</b>	<b>34</b>	<b>100</b>
Salary Paid	No.	12	28.6	15	19.5	26	46.4	4	22.2	13	27.1	16	47.1
	Yes	30	71.4	62	80.5	30	53.6	14	77.8	35	72.9	18	52.9
	<b>Total</b>	<b>42</b>	<b>100</b>	<b>77</b>	<b>100</b>	<b>56</b>	<b>100</b>	<b>18</b>	<b>100</b>	<b>48</b>	<b>100</b>	<b>34</b>	<b>100</b>
Economic Status	L. Middle	1	2.4	0	0.0	1	1.8	1	5.6	0	0.0	3	8.8
	Middle	23	54.8	33	42.9	35	62.5	12	66.7	25	52.1	16	47.1
	U. Middle	16	38.1	40	51.9	20	35.7	5	27.8	23	47.9	14	41.2
	Upper	2	4.8	4	5.2	0	0.0	0	0.0	0	0.0	1	2.9
	<b>Total</b>	<b>42</b>	<b>100</b>	<b>77</b>	<b>100</b>	<b>56</b>	<b>100</b>	<b>18</b>	<b>100</b>	<b>48</b>	<b>100</b>	<b>34</b>	<b>100</b>
Corona Zone	Green	6	14.3	14	18.2	6	10.7	0	0.0	4	8.3	3	8.8

Thus the study used the attitudes, interests, opinions framework of Plummer (1971) to define lifestyles in the context of COVID-19 and grouped the respondents based on their lifestyles. From the literature review it is evident that the lifestyle framework was used only for market segmentation. This study used the lifestyle attributes to understand the impact of a pandemic on the lifestyles of people. The pandemic has impacted the lifestyle of every individual on this planet and it is imperative to understand the lifestyle changes. This study is only a first step to understand the implications of a pandemic on the lifestyles of individuals and can be replicated on larger samples from different countries for better understanding.

### **Implications**

The study attempted to cluster respondents on attributes like daily routine, leisure activities, coping mechanisms, perspectives about self, work and life. These attributes are different from the attributes used in the VALS framework. VALS describes clusters in terms of a diverse set of characteristics like views towards Government, nature of employment, trends followed, fun loving nature, family orientation and etc. This diversity makes segmentation complex. This study focuses on a few crucial attributes of the lifestyle and arrives at a relatively simple clustering, which facilitates better understanding. This clustering helps us to know the different ways in which individuals had coped with the pandemic. This also throws light on how their perspectives about self, work and life had changed. These attributes are vital to understand the psychographic characteristics of people. The information on daily routines and leisure activities also throw light on the way of life of respondents, which is crucial for designing and delivering policy measures to provide financial, mental and societal aids to various

clusters. The study also has implications for organizations as they can understand how the pandemic has changed people's perspective towards work. The pandemic had made work from home an important aspect of life and hence this clustering would also be vital for organizations to devise measures to engage their work force. The demographic configuration of the clusters are valuable inputs to health-care officials, marketers, Government officials, and other product and service providers. This study will serve as a prototype for future studies and can be replicated on large sample sizes across different countries to gain better understanding about lifestyles of people. This understanding would help us to equip ourselves with mechanisms to mitigate the effects of the pandemic on the life of people.

### **Conclusions**

The study has addressed the lacuna in studies which had used lifestyle based clustering for market segmentation alone. It has demonstrated the use of traditional methods like factor analysis and cluster analysis to segment people based on their lifestyles. It has also used a different set of lifestyle attributes attune with the context of COVID-19, to segment people. The clusters were unique in terms of how they manage their daily routines, how they look at work and life, and how they spend their leisure time. These have important implications for Government and Health Care Organizations. The study also threw light on the perspectives people have about them, their work and their life. This study can be repeated on a larger sample size across different strata of society to have a big picture in terms of critical decision-making. A geographic database similar to PRIZM that can give census related data for the Indian context can also be used to arrive at better demographic characteristics of the

clusters. The clustering can also be done on several other attributes, based on the purpose of segmentation. The authors believe that this study will be a first step in terms of using cluster analysis for the segmentation of respondents with different attributes to attain different outcomes.

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# IMPACT OF ORGANIZATIONAL POWER ON TEAM COHESION & TEAM EFFECTIVENESS DURING COVID-19: A CASE TURKISH HEALTHCARE INDUSTRY

**Mehmet Kiziloglu**

*Management and Organization Department, Pamukkale University, Turkey*

## **Abstract**

*This research study has been carried out for investigating the impact of organizational power on team effectiveness and team cohesion during Covid-19 in case of Turkish healthcare sector. The research study was carried out on the basis of quantitative research method, based on which primary data was collected from 299 supervisors working in Turkish healthcare sector through questionnaires. The analysis has revealed that there is a significant impact of organizational power on team effectiveness as well as team cohesion. It is the responsibility of leaders and supervisors working in Turkish healthcare sector to use right type of power in order to influence effectiveness and cohesion of teams.*

**Keywords: Organizational Power, Team Effectiveness, Team Cohesion**

## **Introduction**

Nowadays, in highly globalized business world, teams are known as the most important feature of delivering quality health care services within long-term as well as primary care settings (Appelbaum et al., 2020). In most of Turkish organizations, teams are referred to as a norm in order to navigate complex environments. Teams are defined as integrated set of individuals, who are responsible for performing some key tasks, which are specific to an organization, sharing one or more common goals, exhibiting task interdependencies and maintaining as well as managing boundaries (Jang, 2017). In an organization, teamwork is known as a set of interlinked thoughts, perceptions and feelings, which are used by each team member for the purpose of facilitating integrated and adaptive performance. Due to the increasing use of teams within organizations, a number of scholars have

started examining their value in management and delivery of high quality care to patients especially in case of healthcare industry (Saheb & Izadi, 2019).

In current pandemic of Covid-19, the importance of effective and cohesive teamwork has been increased especially in Turkey. Nowadays, expert as well as diverse members have to work in the form of teams in order to provide high quality healthcare services to patients of Covid-19. In most of Turkish hospitals, teams of doctors, nurses and healthcare service providers are designed while allocating as well as structuring work projects (Oztekin, 2018). In Turkey, the increased pandemic of Covid-19 has increased the need for re-structuring and re-organizing the work settings within the healthcare sector in order to effectively manage the increased workload from patients. There is an increasing need of

enhancing team effectiveness as well as team cohesion within the healthcare sector in order to ensure timely and efficient delivery of healthcare service. However, it is quite challenging for members working within Turkish healthcare sector to identify key approaches and ways through which team effectiveness and team cohesion can be enhanced (Gözükara et al., 2019). One important area of investigation in to team effectiveness and team cohesion is the issue of how the extent of organizational power within the firm can influence the team effectiveness and team cohesion. Power as well as influence are key human phenomena which are highly integrated in to the psyche as well as conscious personality of people. The success as well as failure of organizations depend on the difference between appropriate and improper use of power by the leaders working within the healthcare sector (Naqshbandi & Tabche, 2018).

This research study specifically focused on organizational power as defined by French and Raven. According to this, organizational power poses a significant influence on control within an organization and it is used for determining the future of individual departments as well as whole organizations. There is a need of exercising power in an organization due to the increase in conflict within an organization. Generally, leaders become the source of conflict within an organization, when they do not seek merely power, but also control on employees. Even though, power is considered as a universal constant, and there is a need of having organizational power for the purpose of running the most important functions of an organization. Hence, organizational power is known as a prerequisite for success, irrespective of individuals' inner needs for power. As a result of this, organizational power is considered as a management resource, which is impor-

tant for managing key functions of the firm (Kovach, 2020). Even though, organizational power is a widely researched topic, however, none of prior research studies focused on investigating the direct impact of organizational power as defined by French and Raven on team effectiveness and team cohesion, especially in context of Turkish healthcare sector. The studies like Altinkurt & Yılmaz (2012) and Cetin & Cinkir (2016) are conducted are on organisational power context in Turkey but these are organized in different context hence are not much relevant for management of Turkish healthcare sector. So, this research study adds value to the literature through exploring the direct impact of French and Raven's organizational power on team effectiveness and team cohesion. Moreover, the study also provides key insights to management in Turkish healthcare sector regarding how organizational power can influence effectiveness and cohesion of teams.

### **Research Aim**

The aim of this research study is to investigate the influence of organizational power on team effectiveness and team cohesion during Covid-19 in case of Turkish healthcare industry.

#### **Research Objectives**

- To analyze the impact of organizational power on team effectiveness during Covid-19.
- To study the effect of organizational power on team cohesion during Covid-19.

### **Literature Review**

#### **French and Raven's Organizational Power**

Leadership is known as an ability of getting other individuals to do those things which a leader wants them to do. A number of various forms of power are generally used by leaders at work for becoming capable of influencing others.

This phenomenon was studied by French and Raven in practice (Raven, 1992). There are six different types of power which can be used for influencing others; reward, coercive, legitimate, expert and informational and referent. Every type of power, when used by a leader in an organization, has a different effect on relationships as well as consequences (Hernandez et al., 2020).

### **Coercive Power**

Coercive power includes forcing other individuals for doing something which they do not want to do and for which they do not have interest to do. This is generally achieved through being capable of punishing someone for non-compliance (Yeung et al. 2009). With the help of coercive power, only compliance in others can be achieved, however, this cannot be used for leading them to exceed a minimum level of delivery. Moreover, this generally also results in reducing the retention level of employees (Wellman et al., 2020).

### **Reward Power**

Another type of power which can be exercised in an organization is reward power. It includes providing benefits to another individual in reward of doing something. The reward power is actually the opposite of coercive power. Such form of power only influences individuals work to the point at which they have earned some reward and there is no ongoing incentive for that. The power of reward is temporary, which diminishes with the passage of time (Tarr & van Esch, 2021). Legitimate Power

Legitimate power is a type of power which is derived through a position or through a set of formal relationships. Generally, in hierarchical structures, leaders have legitimate power. Individuals get affected through legitimate power and they have to follow the rules and regulations set by the leaders. Such

power is lost by a leader, whenever he or she loses the position (Strom, 2020).

### **Expert Power**

Expert power is derived through expertise and skills of an individual. With the help of some key skills, expertise as well as experience, a person becomes trustworthy as well as influential to others. Such form of power is purely derived through key personal traits of an individual and it is not linked with a person's position within an organization (Lines, 2017).

### **Referent Power**

Referent power depends on being liked as well as respected as a person. It is derived through perceived value and attractiveness of an individual. Generally, social media influencers own referent power and this is independent of the position of a person (Kovach, 2020).

### **Informational Power**

Informational power depends on the person's ability of controlling the flow of information, which is needed for doing things. It is generally derived through accessing confidential information that is not known by others (Strom, 2020).

## **Organizational Power and Team Effectiveness**

In organizations, a leader exerts different types of power on the team members. The performance of whole team depends on the approach followed by the leader for exerting power. Joo et al (2012) claimed that subjective sense of power by a leader has detrimental influences on performance of a team. This is generally done through reducing the openness of communication within the team. As a result of psychological experience of power, people become more inclined towards expressing their perceptions as well as opinions in group context. Generally, when a leader exerts reward power, then this ultimately results in enhancing motivation level

of team members, due to which they start putting more effort for achieving goals. This consequently helps in enhancing effectiveness of the team (Tost et al., 2013). However, in opposite to this, when team members do not get a chance of sharing their ideas and perceptions and they are forced to follow the rules and regulations set by the leader, as in case of legitimate power, then this negatively influence the efficiency of team members. When a leader gets increased feelings of power, because of his or her position, then that leader starts devaluing the point of views and contributions of other individuals (Delva et al., 2008). Joo et al (2012) argued that leaders who have high subjective sense of power start feeling entitled to verbally dominate interactions in between the team. This concept is consistent with the classic work of Bales et al. (1951), who claimed that early discussion in group interactions makes a person as a dominant team member. However, early dominance results in perpetuating verbal dominance of a person throughout the life of team. In a team, open communication is considered as highly important for ensuring high team effectiveness. This is generally ensured by leaders who provide support to all team members and give importance to understanding others' ideas and perceptions. The existence of open communication helps in ensuring that each team member listens to key ideas of each other and leader takes proper input from all members of the team. This generally happens when a leader exercise referent power, because this way he or she gains value in eyes of all team members because of interacting with them properly and giving them chance to share their ideas and point of views. So, this ultimately results in improving performance of whole team (Tost et al, 2013).

Based on critical review of literature, it is

revealed that none of prior research studies examined the impact of organizational power on team effectiveness in context of Turkish healthcare sector. So, following hypothesis is developed;

H1: There is a significant impact of organizational power on team effectiveness during Covid-19 in Turkish healthcare sector.

### **Organizational Power and Team Cohesion**

Team cohesion is defined as the extent to which some interpersonal attraction, commitment and team pride is exhibited by team members towards the task. More particularly, when there is a team cohesion, then members show high commitment to each other and show motivation of staying in the team. In healthcare sector, it is highly important for team members to ensure team cohesion, as it is linked with their commitment towards achievement of goals (Chiniara & Bentein, 2018). The negative use of power by leaders is something which can negatively influence the relationships among team members and their level of commitment. It is important for leaders of the team to make team members feel valued, which is ultimately important for enhancing perceived self-esteem of the team (Stevens et al., 2019). Coercive power is something due to which team members do not get a sense of belonging with the team. They do not consider their work as important for them, but they only do the work for their job. This basically does not create the sense of 'oneness's among team members. However, when a leader do not negatively use the power and give authority to team members, then team members feel motivated and they seek for others' input. This also makes team members capable of behaving in team-oriented manner for the purpose of promoting their integrated social identity. It is the responsibility of a

leader to develop social development goals with respect to the achievement of team cohesion. This is referred to the forces which act on members' for remaining and growing in the team (Tost et al., 2013).

On the basis of critical review of literature, it is revealed that none of prior research studies investigated the direct impact of organizational power on team cohesion in context of Turkish healthcare sector. So, following hypothesis is developed;

H2: There is a significant impact of organizational power on team cohesion during Covid-19 in Turkish healthcare sector.

**Methodology**

**Research Design**

This research study has been carried out through the use of quantitative research method. The researcher used factual data and figures to explore the impact of organizational power on team effectiveness and team cohesion. The key rationale behind using this method was its importance in generating valid as well as reliable research outcomes (Goddard & Melville, 2004). Moreover, the quantitative research method is linked with lesser biasness. This method helped in finding accurate data related to the influence of organizational power on team effectiveness and team cohesion (Kothari, 2004).

**Sampling**

The population of this research study is healthcare sector of Turkey. The popula-

tion includes all employees working in healthcare sector of Turkey. The sample of 299 supervisors working in Turkish healthcare sector was selected through the use of convenient sampling technique. The researcher distributed questionnaires to 350 supervisors working in healthcare sector of Turkey and the researcher received 299 filled questionnaires. The use of convenient sampling technique helped in collecting the data in least possible time and also with lesser resources (Singh, 2006).

**Research Instrument**

The present research study has been conducted through the use of questionnaires. The questionnaire consisted of four different sections, in which the first section was about demographic variables in which participants were asked about their age and gender. Moreover, the other three sections included questions related to organizational power, team cohesion and team effectiveness.

In order to measure team cohesion, the scale developed by Bernthal and Insko (1993) has been used. The three out of four items were used to collect data related to team cohesiveness.

Moreover, the questionnaire also included five-item scale related to team effectiveness, which demonstrate validity evidence (Jung and Sosik, 2002). The rating for both team cohesion as well as team effectiveness was done on a five-point Likert scale. The word 'in my group' was changed with 'in my team'.

<b>Variables</b>	<b>No. of Items</b>	<b>Sources</b>
<b>Team Cohesion</b>	3 items	Bernthal and Insko, 1993
<b>Team Effectiveness</b>	3 items	Jung and Sosik, 2002
<b>Organizational Power</b>	5 items	Frošt and Stahelski, 1998; French and Raven, 1959

### Data Analysis

The primary data collected through online survey was analyzed through the use of statistical techniques like descriptive, regression and correlation analysis techniques. The use of regression and correlation statistical techniques helped in examining the relationship between variables. Along with this, the questionnaire's reliability was tested using Cronbach's alpha test.

### Ethical Considerations

The researcher carried out the research study in accordance with ethical norms and standards. None of research participants was forced to fill questionnaires and participate in the study.

### Findings and Results Demographic Analysis

**TABLE 1: DEMOGRAPHIC ANALYSIS**

		Frequency	Percent
Gender	Male	212	71
	Female	87	29
Age	20-29	156	52
	30-39	136	46
	40-49	5	2
	50-59	2	1

The data in this research study was collected from 299 respondents, among those there were 212 males and in opposite to this, there were only 87 females. In addition to this, the analysis has shown that there were 52% respondents who belonged to the age group of 30 to 39 years and there were 46% respondents who belonged to the age group of 20 to 29 years. It means most of participants belonged to the age group of 30 to 39 years.

### Descriptive Statistics

Table 2 includes findings related to descriptive statistics, which consists of values of mean and standard deviation. As per analysis of figures, it is revealed that the perception of supervisors about Organizational Power is at moderate level (M=2.5405, SD= 0.35531). In addition to this, the perception of supervisors about Team Cohesion is at moderate level (M=2.2787, SD= 0.48273) and the perception about Team Effectiveness is also at moderate level (M=2.7837, SD=

0.49083). The value of N shows that total number of respondents who participated in the study were 299.

**TABLE 2: DESCRIPTIVE STATISTICS**

	N	Mean	Std. Deviation
OP	299	2.5405	.35531
TC	299	2.2787	.48273
TE	299	2.7837	.49083

**Correlation Analysis**

**TABLE 3: CORRELATION STATISTICS**

	OP	TC	TE
OP Pearson			.122*
Correlation	1	.758**	.035
Sig. (2-tailed)	299	299	299
N			
TC Pearson			.125*
Correlation	.758**	1	.031
Sig. (2-tailed)	299	299	299
N			
TE Pearson			1
Correlation	.122*	.125*	
Sig. (2-tailed)	299	299	299
N			

**\*\*.** Correlation is significant at the 0.01 level (2-tailed).

**\*.** Correlation is significant at the 0.05 level (2-tailed).

Table 3 includes correlation statistics for relationship between all three variables. The value of Pearson correlation for relationship between OP and TC is 0.758\*\* with significance value of 0.000. It means there is strong and significantly positive relationship between Organizational Power and Team Cohesion in case of Turkish healthcare sector during Covid-19.

In addition to this, the value of Pearson correlation for relationship between OP

and TE is 0.122\*\* with significance value of 0.035. It means there is weak and significantly positive relationship between Organizational Power and Team Effectiveness in case of Turkish health-care sector during Covid-19.

Regression Analysis

The relationship between independent and dependent variables was tested through the use of regression analysis. The focus of this research study is to investigate the impact of organizational power on team effectiveness as well as the impact of organizational power on team cohesion.

**Multiple Linear Regression**

**TABLE 4: REGRESSION STATISTICS FOR TC AND OP**

Model	R	R Square	F	Beta	Sig
1	.758	.575	402.00	1.03	0.00
	a		3	0	0

Dependent Variable= TC

The value of R square for relationship between Team Cohesion and Organizational Power is 0.575, which means one unit change in Organizational Power will bring an increase of 57.5% in Team Cohesion.

$$Y (\text{Team Cohesion}) = \alpha + 0.575 X (\text{Organisational Power})$$

As the value of F is greater than 1 and significance value is less than 0.05, so it means the null hypothesis proved as false and alternate hypothesis is accepted.

**TABLE 5: REGRESSION STATISTICS FOR TE AND OP**

Model	R	R Square	F	Beta	Sig
1	.122a	0.015	4.502	0.169	0.035

Dependent Variable= TC

The value of R square for relationship between Team Effectiveness and Organizational Power is 0.015, which means one unit change in Organizational Power will bring an increase of 15% in Team Effectiveness.

## **Y (Team Effectiveness)= $\alpha$ +0.015 X(Organisational Power)**

As the value of F is greater than 1 and significance value is less than 0.05, so it means the null hypothesis proved as false and alternate hypothesis is accepted.

### **Discussion**

Based on analysis of data collected during the research, it has been found that there is a significant impact of organizational power on team effectiveness and team cohesion during Covid-19 in case of Turkish healthcare sector. The existence of power within an organization influences the effectiveness of team working within the healthcare sector. This is consistent with findings of Kovach (2020) who claimed that when leaders exert power on team members, then this can both positively or negatively influence the effectiveness of team. It is highly important for leaders of the team to select the right approach of managing team and exerting power. Similar to this, Gözükarar et al (2019) argued that coercive power is something which negatively influence the performance and efficiency of team members. When team members are forced to follow the rules and regulations set by the leaders, then they do not feel motivated to perform the tasks and achieve the objectives. In current research study, respondents were asked that reward power is also a type of organizational power which can influence team effectiveness. When leaders give reward or punishment to employees in return of their good or poor performance, then their commitment and dedication towards the task get enhanced. However, Appelbaum et al (2020) stated that the increase in commitment and dedication is temporary, which does not lead towards achievement of long term goals. Hence, the use of power in a right way is important for leaders in healthcare sector to enhance team effectiveness. As, during

Covid-19, there is more traffic in Turkish hospitals and healthcare units, so, it is highly important for supervisors and doctors to use the power in a right way. In addition to this, the analysis has revealed that there is a significant impact of organizational power on team cohesion. When leaders exert extra power on team members, then they do not become capable of working while building good relationships with each other. This is opposite to findings of Chiniara and Bentein (2018) who argued that when leaders feel dominated and do not give authority to team members, then they feel demotivated and show less commitment towards their work. They do not show preference for sharing their perceptions and ideas with others, due to which team performance gets reduced.

### **Conclusion**

In the end, it is concluded that there is a significant relationship between organizational power, team effectiveness and team cohesion. Due to the existence of organizational power within the firm, the effectiveness as well as cohesion in team get affected. In current pandemic of Covid-19, it has become highly important for supervisors and doctors to give considerable importance to right use of power. Due to heavy traffic in hospitals and healthcare units, it is important for people to work efficiently in the form of teams. There are different types of organizational power such as coercive power, referent power, reward power, informational power, expert power and legitimate power, which can affect the team effectiveness as well as team cohesion. All types of organizational power need to be managed properly in order to ensure high effectiveness and cohesion in teams.

### **Theoretical Implications**

This research study proves to be useful in terms of adding value to the literature

through exploring the impact of organizational power on team effectiveness and team cohesion. None of prior research studies investigated the impact of organizational power as defined by French and Raven on team effectiveness and team cohesion during Covid-19 in context of Turkish healthcare sector.

### **Practical Implications**

This research study provides key insights to management, supervisors and doctors regarding ways of enhancing team effectiveness and team cohesion through using the organizational power in a right manner.

### **Limitations and Directions for Future Research**

This research study has various theoretical and practical implications, however, there are some limitations of this study. This research study focused on analyzing the impact of organizational power on team effectiveness and team cohesion only, however, individual impact of each form of organizational power has not been studied in this research study. It is recommended that future research studies should be conducted for investigating the individual impact of each form of organizational power on team effectiveness and team cohesion. Moreover, this study focused only on Turkish healthcare sector, so future studies can explore the relationship in other cultural contexts, like healthcare sector of UK or US.

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## RESURGENCE OF MSMEs IN DEVELOPING ECONOMIES DURING THE COVID-19 FOG

**Ann Susan Thomas**

*M.Phil Scholar,*

*University of Kerala, Karyavattom Campus, India*

**Arsha Hari**

*M.Phil Scholar,*

*University of Kerala, Karyavattom Campus, India*

### **Abstract**

*The coronavirus (COVID-19) outbreak has acutely affected trade, investment, growth and employment around the world and has instigated a global economic slowdown. Estimates of labor income losses (before taking into account income support measures) suggest a global decline of 10.7 per cent during the first three quarters of 2020 compared with the corresponding period in 2019, which amounts to US\$3.5 trillion or 5.5 per cent of global gross domestic product (GDP) for the first three quarters of 2019. Likewise, as with any crisis, the condition has become even worse in developing countries, where the stability or growth for start-ups and MSME's has been significantly endangered. Every business or enterprises that drove to closure leads to multiple stories of unemployment, economic and social dislocation as well staggering uncertainty. It remains paramount that governments, in partnership with other public and private institutions, associations and bodies and various other stakeholders bestow their support to drive competitiveness of micro, small and medium enterprises (MSME's) with a particular focus on those small businesses in developing countries. In many countries, this interference has led to immediate and innovative approaches and models and also helped deploy resources and put up a timely and comprehensive response to the novel coronavirus disease. This study resorts to various MSME's in developing countries confronting and combating the difficult time caused by COVID-19 pandemic which can help monitor the evolving business climate to design workable and enforceable policy support for MSME development.*

**Keywords:** MSMEs, Government, Revival

### **Introduction**

According to the World Bank, Micro, Small and Medium Enterprises (MSMEs) are defined as follows – micro enterprises as business employing 1–9 employees, small enterprises as business employing 10–49 employees and medium enterprises as business employing 50–249 employees. However, the local definition of MSMEs vary from country to country,

and is based not only on number of employees, but also by inclusion of other variables such as turnaround and assets. In the majority of countries, SMEs are defined as firms employing between 10 and 250 people. SMEs are a source of employment, competition, economic dynamism, and innovation; they stimulate the entrepreneurial spirit and the

diffusion of skills. The notion of SME and entrepreneurship development was introduced into the growth and development landscape as early as the late 1940's with the introduction of targeted policies (grants, subsidized credits, special tax treatment, etc.) and the establishment of small business or SME support agencies by governments (e.g., publicly funded SME agencies were set up in 1948 in Japan, 1953 in USA, 1954 in India, 1966 in Tanzania, 1976 in Turkey) (OECD, 2004). The importance of the MSME sector is well recognized worldwide due to its significant contribution to gratifying various socio-economic objectives such as higher growth of employment, output, promotion of exports and fostering entrepreneurship. In developing countries, MSMEs create societal benefits that go beyond job creation and other economic gains. A significant number of these MSMEs are a source of employment for women.

The Micro, Small and Medium Enterprises (MSME) sector is the buttress of Asia's economy. South Asia's robust growth over the past 10 years has been underpinned by micro, small, and medium-sized enterprises (MSMEs). In the Asian region specifically, MSMEs account for 96% of total enterprises, employ 62% of the labour workforce and contribute an average of 42% of gross domestic product (GDP) (ADB, 2015). Asia is increasingly playing the role of a global growth pole, and is fast emerging as a manufacturing and information technology hub of the world economy. Asia's past economic expansion brought with its business opportunities for MSMEs to grow. Increased foreign direct investment inflows since the 2007–2008 global financial crisis encouraged the entry of large multinational firms into developing Asia, which created new demands for MSME domestic products and services—typically in supporting

industries or for parts and components suppliers. Accordingly, it was expected to improve labor productivity if MSMEs actively joined global value chains. However, the outbreak of the COVID-19 pandemic has not only led to a global health crisis and deep economic recession has also created a climate of profound uncertainty about the future outlook. With this background, the paper tries to study on the repercussions of the pandemic over the global MSME scenario. Further, the governmental role and the strategies adopted and initiated during the pandemic are delved into.

### **Objectives**

- To explain the aftermaths of COVID-19 borne by the MSME sector in this backdrop of dwindling economic situation.
- The role of Government and related organizations to promote and reframe MSMEs.
- To delineate the strategies that the MSMEs should embrace to persevere through the COVID -19 pandemic.

### **Literature Review**

Asia's robust and tenable economic activities has helped progress as well as alleviate poverty and transform many low income countries into middle-income economies. The growth momentum in developing Asia, however, has gradually decelerated since 2018 due to increasing global trade tensions, economic uncertainty, and the coronavirus disease (COVID-19) shock. The deep economic recession and downturn created by the pandemic has caused a number of social and economic consequences (Sonobe et al., 2021)

The economic slow-down stemming from COVID19 continues to take a toll on MSMEs primarily due to limited cash reserves. Even during normal times many MSMEs face obstacles that prevent

them from reaching their fullest potential. These include lack of relevant skills, knowledge about International markets, limited access to trade finance and experience, cumbersome regulations and border procedures. MSMEs generally have smaller inventories and they operate with relatively thin profit margins and smaller supplier networks. As these companies account for 90 per cent of all enterprises in African and Asian countries, the outbreak of COVID-19 and government actions that followed aggravated the situation in developing countries (Shafi et al., 2020). Similarly, we can find studies and reports on various deficiencies and obstacles MSMEs around the world had to encounter during the pandemic. And here we are focusing particularly on the South Asian region and the common regulatory measures adopted across the countries along with problem specific revival reforms to be initiated.

### **Methodology**

The study is primarily descriptive in nature taking into account the MSME sector of the South Asian economy. Representatively four countries, namely Maldives, Nepal, Srilanka and India were chosen using the lottery method under random sampling method to identify the governmental measures undertaken in those countries. To support the research design, literature record of secondary data from journals, digital repositories, government publications, internet portals and scholarly articles that are related to the study are referred.

Aftermath of covid-19 on MSME sector  
COVID-19 negatively affected supply and demand. The pandemic induced lockdowns in China, the European Union and the United States of America had major impacts on products, imports and exports which affected both big and small companies globally as these countries are

major sources of inputs for MSMEs in most developing countries. As a result, enterprises are faced with a decrease in demand, supply chain disruptions, cancellation of export orders, raw material shortages and transportation disruptions. Sourcing from new suppliers or absorbing price increases is more challenging for small firms with limited supply options and capital (World Trade Organization (WTO)). A study by United Nation Economic Commission for Africa on the impact of COVID-19 on MSMEs in Africa showed that most MSMEs are mainly concerned about the cash-flow outlook as a result of disruptions in supply and demand. Unlike bigger corporations, MSMEs in developing countries have limited access to alternative financing mainly because most of them are informal and some do not have assets that can be used as collateral for new credit lines with financial institutions.

The lockdowns and quarantine measures also caused a reduction of labour as most businesses which were regarded as ineffectual were forced to close by governments. MSMEs are generally labour intensive and the COVID-19 related restrictions on the movement of workers negatively affected the daily operations of these enterprises. The rise in unemployment is likely to intensify hunger and starvation in most of the developing economies. In India for instance, 90 per cent of the population is employed in the informal sector. With lockdown measures being imposed, they had to go back to the villages with no source of income to provide for their daily needs (Singh, 2020).

It is imperative to note that in developing countries, MSMEs are largely concentrated in the manufacturing, hospitality services and tourism sectors which sectors were the most affected by the

measures imposed by government to curb the spread of the virus. The travel bans that were imposed worldwide exposed MSMEs in the tourism and hospitality sector to the threat of closure thus rendering a significant number of people jobless. About a quarter of the businesses in the hospitality and tourism sector are reported to have closed between January and May 2020 with an increase to 50 per cent being reported in the aftermath. Women led firms operating in these sectors were the most affected and threatened with the high risk of permanent closure due to the pandemic – induced bankruptcy. This will negatively affect the progress that had been made towards gender equality and the financial inclusion of women in most countries. Also, an increasing number of governments introduced export or import restrictions notably on agricultural products which has exacerbated the situation, since these are an important source of income for many MSMEs. A significant number of MSMEs in developing countries depend on international trade for their activities either because they export their products through direct or indirect channels or because they import inputs to manufacture the products they sell domestically.

In trying to cushion themselves from the brunt effects of the pandemic, MSMEs had to employ a number of diverse strategies such as retreating, resilience and reframing. The businesses that retreated had to put in measures which include laying off employees, taking on debt and selling their assets. Some adopted a strategy of resilience which included measures such as altering businesses temporarily and adopting new strategies such as electronic commerce. Other enterprises had to completely transform their businesses by creating novel and new products such as masks, sanitizers and face shields. By and large, the effect of

COVID-19 remained adverse on MSMEs operations in most of the developing countries.

### **Governmental Interventions**

The severity of the disease prompted governments to impose a number of COVID-19 containment measures to try and curb the spread of the virus. These measures included widespread lockdowns, travel bans, mobility restrictions, airline suspension, closure of businesses and curfews. As a result, the pandemic has generated a major economic crisis with a halt in production, a collapse in consumption and confidence and stock exchange markets responding negatively to heightened uncertainties. MALDIVES - Maldives is a small archipelagic state in the southern Asia. The business in the country is largely concentrated around the capital city Male and hence the government has been tapping the potential of MSMEs to create more employment opportunities, particularly in the outer atolls, there by achieving more resilient and diversified economic base. MSME in the country are mostly engaged in retail trade and the service industries in this sector contribute to around 79 % of the GDP (Sector assessment (summary): Micro, Small, and Medium-sized enterprises (RRP MLD 43566)). Most of the MSMEs in this country are unregistered and operate informally and represent the backbone of the domestic labour force. The general problems of MSME in this country includes limited access to financial resources, lack of support, legal and regulatory constraints, skill deficiencies etc.

Compared to rest of the Asian countries, the outbreak of pandemic has not affected the country in an intense way these created an impact for the business sector as a whole. COVID-19 severely affected the tourism sector of the country and had

an impact on the MSMEs particularly cafes, traders, restaurants, taxi service providers, event planners, dress makers, freelancers in art etc. Migrant workers, probation employees, casual workers and freelancers bore the brunt of the immediate employment adjustments brought about by the large majority of MSMEs (Impact of the COVID-19 crisis in the Maldives Rapid Livelihood Assessment Part III - Micro, Small and Medium enterprises).

In order to revive the situation, financial assistance was provided, the training needs of the important capacity were identified and business plans, marketing plans, business contingency plan was developed, marketing skills and basic internet banking and social media especially for entrepreneurs with little formal education and those based on atolls were provided. Potentiality for adoption of green practices was identified and was geared towards such practices. The government has established BCC (for business advisory and support services), SDFC (for MSME financing) and MFMC (for investment promotion and to unlock financing for innovation). A national dialogue series on combating the situation was launched by the government along with the BCC.

**NEPAL** - Nepal is an independent southern Asian Country. According to a study which was conducted in 2010, SMEs in Nepal employ around 57 percent of the total workforce in the country. In Nepal, 96 percent of the total industrial establishments are SMEs. SMEs in Nepal contribute to around 82 percent of export earnings, their contribution in agro sector is around 76 percent and in that of non-agro sector is 24 percent. The SMEs in Nepal suffer from poor access to finance, technology, inadequate knowledge regarding business opportunities and marketing etc. Due to the pandemic

over 80 percent of Nepal's MSMEs suffered from a crash in sales during the pandemic, a survey of IFC found. It is found that over half of the MSMEs faced the risk of permanently closing their operations (Small, Medium enterprises in Nepal severely impacted by COVID-19 pandemic: Survey Xinhuanet news).

Nepal has taken measures to cushion the economic fallouts of pandemic in the country, but they were unable to put them into effect for the SMEs when compared to other developing countries or developed countries due to the limitation on resources. The Government of Nepal took the initiatives or measures to ensure liquidity in the financial system to make support credit accessible to all SMEs advising banks and financial institutions to provide loans at a subsidized interest rate and to defer loan payment to business that are operating in key sectors hit by the spread of COVID pandemic. Specifically, the Nepal Rastra Bank (NRB) lowered its Cash Reserve Ratio from 4 to 3 percent and reduced the interest rate on the standing liquidity facility rate from 6 to 5 percent. The size of the Refinance fund has been increased to provide subsidized funding for banks willing to lend at a concessional rate to priority sectors which includes SMEs. It also required banks to extend at least 40 percent of their loans to the MSMEs and also various related lending programs.

**SRI LANKA** - Sri Lanka is formerly known as Ceylon a south Asian Island Country located in the Indian Ocean between the Laccadive Sea in the west and the Bay of Bengal in the east. The Micro Small and Medium Enterprises (MSME) play a vital role in the socio-economic development of the country. Around 52 percent of the GDP is contributed by the MSME and is considered to be the backbone of the economy. It is estimated that MSME accounts for over

90 percent of the total enterprise in non - agricultural sector and covers about 45 percent of the total employment.

With the outbreak of pandemic, the economic activities of the country were badly affected causing the MSMEs to face severe hardships. In order to revive the MSMEs from the pandemic crisis the Central Bank of Sri Lanka has decided to setup a Re- Financing facility as per decision taken by the cabinet ministers to introduce a wide range of fiscal and financial concessions for pandemic hit business including individual business. For the purpose the industries and business were categorized under the head eligible business sectors like business engaged in tourism and export, SMEs engaged in various activities like agriculture, construction, value addition etc. and self-employment business affected by pandemic. Concessions for existing performing and non-performing loans were given, new working capital or investment purpose loans were provided, and repayment of capital by banks under refinance scheme was initiated by the government. Financial institutions are expected to have a mechanism not to decline loan applications solely based on an adverse Credit Information Bureau (CIRB) record, Samurddhi Welfare Programme and loss of livelihood opportunities were introduced to curb the negative impact that the pandemic has caused to the MSME sector.

INDIA - India is the second most populous country and the seventh largest by area. India is the worst COVID hit country in south Asia. MSMEs in India are the second largest employment generator in the country and act as a breeding ground for entrepreneurs and innovators. They play a significant role in the socio economic development of the country through employment opportunities and development of backward areas

The unprecedented lockdown in the economy has brought about a state of disarray in the country. The measures adopted by Indian government for reviving Indian MSMEs post pandemic period includes reduction in GST for raw materials, initiatives exemption and reimbursement of fixed charges by the state governments, measures for eliminating delay in pending payments to MSME, credit support for MSMEs etc. which constitute the short term objectives. The long term strategy adopted by the government for the sustainability of MSME in the post pandemic period include: Smart Industrial Village Policy, promoting "Swadeshi" ideology via Policy & Strategy Drafting, providing Access to Information Technology Enabled Services (ITES), promotion of innovation and upscale MSME to withstand global competition, technological up gradation, Encouraging corporatization of MSME sector, Financial Assistance in the form of prioritize lending to MSME from banks by including small enterprises in the earmarked priority sector and raising sub-target limit to 10 % from 7.5%, collateral free and MUDRA small loans to encourage self-employment and relaxing ceiling on working capital by banks.

Reviewing the governmental activities in the above countries, we can see that governments had come up with means to try and alleviate the impact of COVID-19 on small business by introducing policies targeted at building their resilience. In essence, various stimulus packages including special credit lines, grants, debt relief, tax and social contribution relief, wage subsidies and extension of social protection. Governments also formulate trade expanding measures meant to facilitate trade during lockdowns and travel bans. These activities include deferrals and reductions of trade-related payment such as customs duties, freight charges and export

credits. Besides some measures were initiated to improve the business environment and enhance the ease of doing business amidst the global pandemic. These measures were related to corporate obligations such as taxes and audits. In short, all governments in the developing economies attempted to develop and implement timely measures so as to better relieve and ease the MSME sector during the COVID-19 crisis.

### **Reviving and transforming MSMEs**

MSMEs are to become resilient not alone to protect their businesses but also to mitigate their uncertainties to be able to recover quickly which is essentially the cornerstone of business competitiveness. It is necessary to develop exceptional strategies and new business models that would enable MSME's to manage specific scenarios and also create agility and flexibility to cope with turbulent situation especially like the current high impact adversity like the COVID-19.

For MSMEs in developing economies to harness the potentials that result from the pandemic, governments should put in place policies and strategies that support MSMEs. Governments are inarguably an important player within the MSME ecosystem.

- One of the biggest obstacles that MSMEs face even during normal times relate to access to finance. The Asian Development Bank estimates the MSMEs trade finance gap to be at about US\$ 1.5 billion per year and is likely to increase due to COVID-19 effects on financial market confidence. A majority of MSMEs are concerned about access to finance and governments have tried to put in place stimulus packages to mitigate the plight of these enterprises. However, the sad reality is that most of these enterprises are not accessing the packages and some lack the relevant information on the processes. As a result,

the gap remains wide. Governments therefore have to come up with policies that encourage the financial inclusion for MSMEs for the broader post COVID economic recovery. Similar policies have been put in place in some developing countries such as Morocco, Nigeria, India and Lebanon. These policies can either be in the form of low interest rates or longer repayment periods.

- Another vital area should be digitalization as it poses a myriad of challenges for MSMEs. Online markets raise concerns regarding cybersecurity and data privacy. Another challenge relates to the digital divide and infrastructure. Most developing countries lack the required infrastructure to support e-commerce. Not all enterprises have the high technology required to operate their businesses virtually. Some lack the technological literacy to make use of the digital tools that are at their disposal. There are also issues relating to internet connectivity and access to data that bedevil most developing countries. Policy makers therefore have to initiate a comprehensive approach which helps MSMEs reap the benefits of digital technology while overcoming the challenges that the digital tools pose.

- Sound policies must be built that support and encourage MSMEs in adopting flexible employment models.

- Supplier management is a prerequisite for the startup to facilitate the availability of raw materials. Reinforcing supply channels can also help the MSMEs to ride out the storm. The MSMEs should attempt to diversify and localize their supply channels to restore the supply chain breakdown. Communicating with past suppliers and building new supply channels is imperative.

- A significant number of MSMEs in

developing countries depend on international trade for their activities either because they export their products through direct or indirect channels or because they import inputs to manufacture the products they sell domestically. It is necessary to deepen and diversify international connectivity.

MSMEs also have a part to play in promoting their resilience and survival post pandemic. There is need to build technical capacity and skills. The new normal post pandemic will be characterized by e-commerce and product diversification. MSMEs have to work out a growth mindset wherein they increase project-focused work to improve existing products and services or create new opportunities by leveraging this talent pool. MSMEs can also focus on key areas of competitiveness in their value chain, product, and/or operations and identify the best technology levers to enhance competitiveness. And this can be extended towards adjacent fields and industries.

### **Conclusion**

Micro, small, and medium-sized enterprises (MSMEs) play a central role in recovering from economic contraction and promoting sustainable economic growth across the developing economies. With the COVID-19 pandemic roiling the global economy, MSMEs too have been struggling extensively with a heavy drop in productivity and a massive dent in profitability, liquidity and capital resources. As the wide-ranging effects of the pandemic are continuing to unfold, the sector is wavering under crisis and thus, the MSMEs need to strive against this economic turmoil by framing proper strategies and embracing technological changes to sustain during this turbulent period. Notwithstanding the negative impact that the pandemic had on MSMEs, it also augmented up a number of opportunities which if utilized would

lessen the costs of doing business and improve business operations. There is need for concerted effort from both the governments and private sector in ensuring that MSMEs harness the opportunities available for post economic recovery.

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