ASSESSMENT OF COVID-19 PANDEMIC LOCKDOWN ON THE PERFORMANCE OF RESTAURANTS IN AKURE METROPOLIS, ONDO STATE, NIGERIA

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Abstract: The study focused on the assessment of covid-19 pandemic lockdown on the performance of restaurants in Akure, Metropolis, Ondo State. Purposive sampling was used to sample 30 restaurants using a structured questionnaire. Descriptive analysis and T–test were employed for analyses. The result shows that before the COVID-19 pandemic lockdown, the average hours of operation of both fast food and full-service restaurants were 14.3 hours and 13.1 hours but reduced to 9.1 hours and 7.0 hours during the COVID-19 pandemic, respectively. Also, there is a significant difference in the hours of operation between the periods. All the fast food restaurant employees were able to work during the COVID-19 lockdown but with reduced hours, while the majority (65%) of the full-service restaurant employees were unable to work. Also, 70% of fast food restaurants have more than 50% decline in customer patronage and profit, whereas 43.33% of the full-service restaurants have their patronage and profit reduced between 20% and 50%. The study reveals that during the lockdown, all restaurants increased the quality of their products, 36.67% reduced the price of their products, 56.67% offered bonanza service, and 20% started home delivery service so as to mitigate the effect of COVID-19 on their performance. Therefore, active measures should be put in place at all times by restaurants to mitigate the effects of any shock on their operations, customers' patronage, and performance.
Keywords: **Covid -19 Pandemic, Lockdown, Pre-lockdown, Performance, Restaurants**

1. Introduction

The world is being ravaged by the COVID-19 pandemic; over 430 million enterprises are at risk of disruption, with about half of those in the wholesale and retail trades, the effect on developing countries is even more critical (ILO, 2020). Nations are grappling with how to curtail the spread and limit its effect within their borders (Obiakor & Adeniran, 2020). Governments have used different measures to control the spread of the virus, and these include the closure of airports, schools, marketplaces, and worship centers, among others.

The global pandemic resulted in a partial and full shutdown of plants and factories, significantly disrupting supply chains (del Rio-Chanona et al, 2020; Kraus et al., 2020). It is still not clear the way those lock-down activities affected business performance in developing economies such as Sub Sahara Africa (SSA). In the developed nations, it is believed that businesses that relied on physical space and shops suffered losses, while those businesses that utilize mainly the online space did particularly well (Kantar Consulting, 2020; Bouey, 2020). Kuckertz et al. (2020) found that the reduced sales recorded by businesses with a physical presence, such businesses continued to incur fixed costs, such as the cost of rent and insurance, during the lockdown, thus maintaining their outflows with no commensurate revenue inflows. Also, Micro and small businesses experienced a larger decline in business activity compared to medium and large firms (Lakuma et al, 2020). This may be because a number of the micro and small businesses in the country stopped operations for a while due to their helplessness to undertake preventive health measures like ensuring physical distancing and

providing sanitizers, water, and soap for customers' use (Lakuma et al., 2020).

In the same vein, the closure by the Federal Government of Nigeria started on 30 March 2020, with Federal Capital Territory, Lagos, and Ogun States having the first share being the first states with COVID-19 cases in the country (Presidential et al. on COVID-19, 2020). These closures, while essential, are having negative ripple effects across all sectors and segments of the country (Obiakor & Adeniran, 2020).

However, there is a perceived increase in the number of fast-food restaurants that crop up in every city and township in Nigeria. Thus, the sector is gaining customer acceptance (Salami & Ajobo, 2012). Supporting this assertion, Akinbola, Ogunnaike, and Ojo (2013) noted that the Fast Food industry in Nigeria is a beehive of activities and is gaining a lot of attention both within and outside the country. Industry trends such as rapid outlet expansion, strategic alliances (especially with companies in the downstream sector of the oil and gas industry), and entry of foreign players, amongst others, lend credence to the perceived phenomenal increase in the number of fast food restaurants. Mustapha, Fakokunde, and Awolusi (2014) also stated that the number of fast food outlets in Nigeria is increasing at a geometric rate. However, the challenges created by COVID-19 impact almost every part of hospitality business operation, revenue generation, staffing plans, and food provisions among others.

Several studies (Aifuwa et al.(2020); Anorue&Moghalum(2020); Beglaryan, and Shakhmuradyan (2020); Solomon(2020); Nuong et al, (2020); Omodara et al. (2020); Sengel et al. (2020); Yang et al. (2020)have been carried out on the effect of Covid 19 in both developed and developing countries including Nigeria Therefore, this study is set to compliment broader literature by assessing the effect of Covid-19 pandemic lockdown on the performance of restaurants in Akure Metropolis and answer the following research questions: (1) What is the influence of Covid-19 pandemic lockdown on the non-financial performance of restaurants in Akure Metropolis? 2) How does the COVID-19 pandemic lockdown influence restaurants' financial performance in the study area? 3) What are the measures adopted to mitigate the effect of the Covid-19 pandemic lockdown on the performance of restaurants in the study area?

Research Hypotheses

H01: There is no significant difference in the hours of operation of restaurants before and during the Covid-19 pandemic lockdown in Akure Metropolis.

H02: There is no significant difference in the hours of operation of fast food restaurants and full-service restaurants during the Covid-19 pandemic lockdown in the study area.

Material and Methods

Study Area: This study was carried out in Akure Metropolis. The study area is the combination of Akure South and Akure North Local Government in Akure, Ondo State, Nigeria which has a land mass of about 1150 km2 and a population of 616.385 at the 2006 census.

Sampling Technique and sample size

The study employed a purposive sampling technique; 10 fast food restaurants and 20 full-service restaurants in Akure Metropolis were purposively selected. Hence, 30 copies of the questionnaire were distributed to the owners/ managers of the restaurants. Primary data were collected using a well-structured questionnaire. Some of the data include the socioeconomic characteristics of respondents, the influence of non-financial and financial performance restaurants before, during, and after the COVID-19 pandemic lockdown, and measures adopted to mitigate the effect of the COVID-19 pandemic lockdown in restaurants on sales.

Method of Data Analysis

This study used both descriptive and inferential statistics to analyse the data.

Descriptive Statistics: Tables, means, standard deviation, frequencies, and percentages were used to identify the socio-economic characteristics, influence of non-financial and financial performance of restaurants before, during, and after the COVID-19 pandemic and measures adopted to mitigate the effect of the COVID-19 pandemic lockdown on restaurants on sales.Inferential Statistics: This study used a T-test to address hypotheses one and two.

Results and Discussion

COVID-19 Pandemic Lockdown and Non-Financial Performance of the Restaurants in Akure Metropolis Non-financial performance was captured in this study using hours of operation and employee performance. **Table 1** presents the distribution of hours of operation before and during the Covid-19 pandemic lockdown. The result shows that before the COVID-19 pandemic lockdown, the average hours of operation of fast food restaurants was 14.3 hours, which was reduced to 9.1 hours during the COVID-19 pandemic. Also, the average hours of operation of full-service restaurants were 13.1 hours before the COVID-19 pandemic but reduced to 7.0 hours during COVID-19. Implicit in this finding is that both full-service and fast food restaurants ' hours of operation were affected by the COVID-19 pandemic lockdown and that full-service restaurants were more affected in terms of operation. Also, for both fast food and full-service restaurants, the mean hours of operation before the COVID-19 pandemic lockdown was more than during the COVID-19 lockdown, and there is a significant difference in the hours of operation between the periods. Hence, hypothesis one was rejected, meaning there is a significant difference in the hours of operation of restaurants before and during the Covid-19 pandemic lockdown in Akure Metropolis. Also, the mean hours of operation of fast food restaurants during the COVID-19 pandemic lockdown was more than that of full service during the COVID-19 lockdown, and the difference was statistically significant at p 0.05 (**Table 2**). Hence, hypothesis two was rejected. This is an indication

that COVID-19 affected restaurant hours of operation negatively. This finding supports ILO (2020) and Omodara et al. (2020) that businesses experienced limited opening hours during the lockdown.

Table 1: Effect of COVID-19 Lockdown on Hours of Operation of Restaurants

Variable	Pre-lock down Mean (Hour)	During Lock down Mean	Difference mean	t-value	P-level
Fast food	14.3 (0.675)	9.1 (1.287)	5.2 (1.399)	11.759	0.000
full service	12.05 (2.964)	7.0 (2.384)	5.05 (2.089)	10.809	0.000
All	12.7 (2.575)	7.7 (2.292)	5 (1.838)	14.898	0.000

Source: Field Survey, 2021
*Figures in parenthesis are standard deviation

Table 2 Effect of lockdown on fast food and full service

Variable	N	Mean	Standard deviation	Standard error	T-test	Probability
Fast food	10	9.1	0.287	0.407	2.588	0.008
Full service	20	7.0	2.384	0.533		

Source: Field Survey, 2021

Distribution of Restaurants by Employee Performance during Covid-19 Pandemic Lockdown

Table 3 shows the distribution of employees' performance during the COVID-19 pandemic lockdown. The result reveals that 56.67% of the employees were able to work but with reduced hours while 43.33% were not able to work. Also, all the fast food restaurants 'employees were able to work during the Covid-19 lockdown but with reduced hours, while the majority (65%) of the full-service restaurants' employees were unable to work. This is an indication that full-service employees were affected more by the lockdown. This could be as a result of their mode of operation. This finding supports Senge et al. (2020) and Nuong et al. (2020) that many hospitality employees were laid off in China before and during the COVID-19 lockdown. Although in Nigeria, the employees were not laid off but some of them were not paid during the lockdown, while the majority attest to a reduction in their salary for fast food staff and a reduction in daily take home for full-service staff.

Table 3: Distribution of Restaurants by Employees' Performance during Covid-19 Pandemic Lockdown

Employee Performance	Fast Food %	Full service %	All restaurants %
Yes	100	35.00	56.67
No	-	65.00	43.33
Total	100	100	100

Source: Field Survey, 2021

Distribution of Restaurants by Percentage Change in Customers' Patronage during Covid-19 Pandemic Lockdown

Table 4 presents the distribution of restaurants by percentage change in customers 'patronage during the COVID-19 pandemic lockdown. The result shows that the majority of the restaurants had between 20% and 50% reduction in customers 'patronage. Also, 70% of fast food restaurants have more than 50% decline in customer patronage, whereas 43.33% of the full-service restaurants have their patronage reduced between 20% and 50%. Implicit in this finding is that the percentage reduction in customer patronage of fast food was more than that of full service, though both experienced a high percentage reduction in customer patronage due to the COVID-19 pandemic lockdown, which invariably could lead to low sales and reduced financial performance. This finding supports Omodara et.al (2020) that there is a decline in their clients' patronage, lower turnover, and employee motivation during the pandemic.

Table 4 Distribution of Restaurants by Percentage Change in Customers' Patronage during Covid-19 Pandemic Lockdown

% change in Customers Patronage	Fast Food %	Full service %	All restaurants %
<20	10.00	30.00	23.33
20-50	20.00	55.00	43.33
>50	70.00	15.00	33.33
Total	100	100	100

Source: Field Survey, 2021

Covid-19 Pandemic Lockdown and Financial Performance of Restaurants

Table 5 presents the distribution of restaurants by percentage change in profit during the Covid-19 pandemic lockdown. The result reveals that 26.67% of the restaurants had less than a

20% reduction in their profit during the Covid-19 pandemic lockdown, 40.00% of the restaurants had between a 20% and 50% reduction in profit, and 33.33% had more than 50% reduction in profit. Also, the majority (70%) of the fast food restaurants had more than a 50% reduction in their profit, while the majority (55%) of the full-service restaurants had a reduction in their profit between 20% and 50%. Implicit in this finding is that the profit of restaurants was reduced greatly during the COVID-19 pandemic. Also, fast-food restaurants were mostly affected by this pandemic lockdown. This is an indication that Covid-19 affected the performance of restaurants in the study area especially fast food restaurants. This finding supports Ameji, Taiga, and Amade (2020) that business owners' income was also reduced due to the COVID-19 pandemic. Beglaryan and Shakhmuradyan (2020) support the finding that COVID-19 impacts the hospitality industry in America. Abioye, Ogunniyi, and Olagunju (2021) also confirmed that Nigerian entrepreneurs have been affected slightly and severely by the COVID-19 pandemic through partial or total lockdowns and movement restrictions. Aifuwa and Saidu (2020) that the COVID-19 pandemic harms firms 'performance in Nigeria.

Table 5 Distribution of Restaurants by Percentage Change in Profit during Covid-19 Pandemic Lockdown

% Change in Profit	Fast Food %	Full service %	All restaurants %
<20	20.00	30.00	26.67
20-50	10.00	55.00	40.00
>50	70.00	15.00	33.33
Total	100	100	100

Source: Field Survey, 2021

Measures Adopted to Mitigate the Effect of Covid-19 Pandemic Lockdown

Table 6 shows the distribution of restaurants by measures put in place to mitigate the effects of the Covid-19 pandemic. The study reveals that during lockdown all restaurants increased the quality of their products, 36.67% reduced the price of their products, 56.67% offered bonanza service, 20% started home delivery service, 23.33% increased their home delivery service, and 36.67% followed the government directive on Covid-19 preventive measures (face masks, hand sanitizers, thermometers, bucket of water and soap). It could be deduced from this finding that more(90%) of fast food restaurants reduced the price of their products when compared with full-service restaurants (50%). Also, the majority (80%) of fast-food restaurants adhered to government policy directives on Covid-19, while a minority (15%) of full-service restaurants complied. To augment their sales, 25% of full-service restaurants started home service delivery, with about 30% of the full-service restaurants who increased their home service

delivery. In the same vein, 10% of fast food restaurants start, and 10% increase their home delivery.

Table 6 Distribution of Measures Adopted to mitigate the Effect of Covid-19 Pandemic Lockdown on Sales

Measures adopted	Fast food (%)	Full Service (%)	All (%)	Ranking
Increase of quality of goods	100	100	100	1st
Reduce the price of products	90.0	50.0	63.3	2nd
Offer bonanza prices	40.0	10.0	56.7	3rd
Others	80.0	15.0	36.7	4th
Increase in home delivery	10.0	30.0	23.3	5th
Start home delivery	10.0	25.0	20.0	6th

Source: Field Survey, 2021

Conclusion

In conclusion, the COVID-19 pandemic lockdown affected employees' ability to work, with about 65% of full-service restaurant' employees not being able to work. It could be concluded that the majority of the restaurants had between 20% and 50% reduction in customers' patronage during the COVID-19 pandemic. Profit of the restaurants reduced greatly during the Covid-19 pandemic. Also, fast-food restaurants were mostly affected by this pandemic lockdown. It could also be concluded that all the restaurants increased the quality of their products in order to mitigate the effect of the Covid-19 pandemic lockdown on their sales. There is a significant difference in the hours of operation before and during the Covid-19 pandemic lockdown. Hence, hypothesis one was rejected. Also, there is a significant difference in the hours of operation between fast food and full-service restaurants during the Covid-19 pandemic lockdown. Hence, hypothesis two was rejected. At all times, restaurants should put active measures in place to mitigate the effects of any shock (COVID-19 pandemic lockdown) on their operations, customers' patronage, and performance.

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