

A Study on Ramification of Covid-19 Lockdown on Firm Performance using Structural Equation Modelling : Evidence from Manufacturing Industry in India

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Abstract

The outburst of COVID-19 pandemic has caused an unprecedented consternation. Even before epidemic, the economy was into a parlous condition altering the circumstances in a humanitarian challenge and global crisis. The study was conducted to grasp the repercussion of COVID-19 Lockdown on the manufacturing firms in India. Further, employee burden was taken as a moderating and mediating variable to measure its impact on the firm performance. To assess company owners and their firms' operational and financial prospects, the research was conducted from March to June. 194 companies were surveyed to determine lockdown's impact. The data was analysed using regression analysis and structural equation modelling. The results show that lockdown directly affects the firm's performance. Also, the indirect influence moderated (regression) and mediated (SEM) by employee burden had a considerable impact on the firm's performance.

JEL Code : E52, G01, G14, G18

Keywords : COVID-19; Lockdown; Performance; Manufacturing Firms; Structural Equation Modelling; India

I. Introduction

WORLD WAS IN the midst of global epidemic Covid-19, first and foremost humanitarian challenge wreaking two treacherous shocks across the globe, in the form of health shock and economic shock. The characteristic of the pandemic was highly endemic and could be restrained through social distancing, self-quarantining, shutting down of public-private facilities and institutions, restraint on mobility of people and exceedingly lockdown of entire nation. These unusual challenges had a disruptive impact on India's economy and potential to thwart India's growth rate. This prompted the fear of prolonged and deep-rooted global recession. After the Great

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