

# Tracking the Impact of COVID-19 Pandemic on Employee Rights in Small and Medium Scale Enterprises (SMEs) in Enugu State, Nigeria

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**Abstract:** *The term Small and Medium Scale Enterprises (SMEs) refers to businesses that are basically, privately owned and operated, with a small number of personnel, and a relatively low volume of sales. In Nigeria, SMEs contribute 48% of national GDP, account for 96% of businesses and 84% of employment. Despite the significant contribution of SMEs to the Nigerian economy, challenges still persist that hinder the growth and development of the sector. The novel COVID-19 pandemic added to the woes of SMEs as it has disrupted social and economic lives of the people. Many micro and small businesses experienced unprecedented decline in businesses activity in the first quarter of the year 2020 due to control measures such as transport restrictions, quarantine, physical distancing, and bans on weekly markets due to the impact of the COVID-19. Their survival was threatened and the government policy response measures and stimulus do not commensurate with the untold hardship occasioned by the pandemic. The primary casualties are the employees of these vulnerable SMEs. Considerable percentage lost their rights and others lost their jobs. The objectives of the study are to: (i) Examine how the pandemic affected the rights and welfare of employee in SMEs in Enugu State. (ii) Ascertain whether SMEs benefitted from government stimulus directed to safeguard the jobs of employees. (iii) Ascertain the level of effectiveness of government policy towards the rights of employees in SMEs. It is against this backdrop that the study focused on tracking the impact of COVID-19 pandemic on employee rights in SMEs in Enugu State. A robust survey research for collection of authentic secondary data was conducted. Our review shows that considerable percentage of employers lost their job, some with depleted take home package. The most disturbing finding is that the law ill-protects them as they crumble under the whims of the employers.*

**Keywords:** COVID-19; Employee Rights; SMEs; Enugu State

## Introduction

Nigeria is unarguably one of the largest economies in the sub-Saharan Africa. Though she relies majorly on oil, her economy is also grown by pockets of corporate organizations covering almost all spheres of activities within the country, ranging from multinational corporations with offices within the country, indigenous companies, and largely by small and medium scale enterprises (SMEs). Small and medium scale enterprises form the bulk of business in Nigeria hence this study is focused on that area. SMEs according to OECD are non-subsidiary, independent firms/organizations which employ fewer numbers of employees. Their contribution to the growth of Nigerian economy cannot be understated as they drive the economic and industrial transformation of the country. In developing countries like Nigeria, Small and Medium scale enterprises have been identified, according to Etuk et.al. (2014), as being beneficial in alleviating poverty through wealth and job creation.

Despite the significant contribution of SMEs to the Nigerian economy, there are challenges that still hinder the growth of development of that sector. Mekwunye (2018) has identified a number of factors which include limited availability of funding, high cost of credit facilities, inconsistency in government policies, limited infrastructures, high cost of procuring machinery and export constraints.

In Nigeria, SMEs constitute more than 80% of the business sector and the failure rate is high due to economic shocks. Besides, on the average, 50% of SMEs that are started eventually fail due to factors as legal breaches on their statutory obligations (Ufua et. al. 2020). Obi (2015) noted that SMEs across the Nigeria are faced with numerous challenges that inhibit business growth and contribution to Nigerian economy. He noted that SMEs do not only suffer from poor funding, but also from poor management skills, and unsupportive legal system that can provide the needed confidence for effective practice. In addition, the novel COVID-

19 pandemic had added to the woes of SMEs as it has disrupted social and economic lives of the people, thereby causing micro and small businesses to experience unprecedented decline in businesses activities. The decline in business activities was due to control measures such as transport restrictions, quarantine, physical distancing, and ban on weekly markets due to impact of COVID-19.

The novel COVID-19 pandemic has added to the woes of SMEs as it has disrupted social and economic lives of the people. Many micro and small businesses have experienced unprecedented decline in businesses and activities in the first quarter of the year 2020 due to the control measures such as transport restrictions, quarantine, physical distancing, and bans on weekly markets due to the impact of COVID-19. These control measures were directed to help and reduce the spread of COVID-19 disease. As a result of these control measures, many micro and small businesses have experienced decline in businesses to the extent that employees were denied their rights. Employers in Small and Medium Scale businesses are faced with a difficult decision on whether to let their staff go, cut their hours, or declare them redundant. Some of the employees of SMEs had their appointments terminated. Some of them were denied payment of their salaries and other benefits. There are also others whom their salaries were reduced to percentages. It is against this background, a gap experienced by the SMEs during COVID-19 pandemic that this study wants to assess the impact of COVID-19 pandemic on employee rights in small and medium scale enterprises in Enugu State.

The broad objective of this study is to assess the impact of COVID-19 pandemic on employee rights in small and medium scale enterprises in Enugu State, Nigeria. However, the specific objectives are as follows:

- (i) To examine how the pandemic affected the rights and the welfare of employee in SMEs in Enugu State.
- (ii) To ascertain whether SMEs benefitted from government stimulus directed to safeguard the jobs of employees.
- (iii) To ascertain the level of effectiveness of government policy towards the rights of employees in SMEs.

### **Conceptualizing COVID-19 pandemic**

In the last 100 years, the world has been ravaged by many pandemics, namely: the flu pandemic in 1889-1890, American polio epidemic in 1916, Spanish flu in 1918-1920, Asian flu in 1957 – 1958, AIDS pandemic and epidemic in 1981 – present day, HINI Swine flu pandemic in 2009 - 2010, Ebola epidemic in 2014 – 2016, Zika virus epidemic 2015 – present day and the ongoing SARS – COV-2 (corona virus disease) which was renamed COVID-19 on 11<sup>th</sup> February 2020 (Hui, 2020). COVID-19 which is currently ravaging the countries of the world, Nigeria inclusive, was traced to Human Seafood market of Wuhan city in the Hubei Province of China Centre for Disease Control and Chinese Health Authority (Lu R, et al, 2020). The World Health Organization (WHO) first declared SARS – COV-2 as a public Health Emergency of International Concern (PHEIC) on January 30, 2020 (Zhou P., et al 2020).

COVID-19 is a disease caused by Severe Acute Respiratory Syndrome (SARS-COV-2). Initially, the perception was that the COVID-19 pandemic would be localized in China only. It later spread across the world through the movement of people. It is transmitted chiefly by contact with infectious material (such as respiratory droplets) or with objects or surfaces contaminated by the causative virus, and is characterized especially by fever, cough, and shortness of breath and may progress to pneumonia and respiratory failure. The World Health Organization has advised that the best way to prevent and slow down transmission is to be well informed about the COVID-19 virus disease, its causes and how it spreads. “Protect yourself and others from infection by washing your hands or using an alcohol based sanitizer to rub frequently and not touching your face” (W.H.O. 2020).

Nigeria had the index case of COVID-19 on 27<sup>th</sup> February 2020 as announced by the Federal Ministry of Health. The index case was an Italian that works in the country. Majority of the cases at that time were Nigerians coming back from an endemic country. In Nigeria, and indeed Enugu State in particular, the outbreak of the novel COVID-19 has heralded unprecedented frictions in almost all aspects of life. It has added to the woes of small and medium scale businesses as it has disrupted social and economic lives of the people of Enugu State.

### **Employee Rights in Nigeria**

Employee rights which can also be called workers` rights or labour rights can be defined according to the web page of Strands4 (2021) as a group of legal rights and claimed human rights having to do with labour relations between workers and their employers, usually obtained under labour and employment law. Scherrer and Greven (2001:16) define workers` rights as the core rights of freedom of association, collective bargaining and prohibition of forced labour, child labour and discrimination in employment. Such rights are conferred on workers and their organization, taking into consideration their special roles and the need to protect them from extreme abuse and exploitation in the hands of profit-conscious employers often backed by a collaborative state. In general, these rights have to do with negotiating workers` pay, benefit and safe working conditions.

In Nigeria, the law that is regulating or guiding employees and employers relationship is labour law which is clearly stated in section 7(3) of the 1999 Constitution of the Federal Republic of Nigeria (Oginni and Adasanya (2013) citing Obisi, (2005). The constitution provides amongst others as follows:

- a. All citizens without discrimination on any ground whatever have the opportunity for securing adequate means of livelihood as well as adequate opportunity to secure sustainable employment.
- b. Conditions of work are just and humane, and that there are adequate facilities for leisure and social, religious and cultural life.
- c. The health, safety and welfare of all persons in employment are safeguarded and not endangered or abused.
- d. There are adequate medical and health facilities for all persons
- e. There is equal pay for equal work without discrimination on account of sex, or any other ground whatsoever.
- f. Children, young persons and the aged are protected against any exploitation whatsoever, and against moral and material neglect and
- g. Provision is made for public assistance in deserving cases or other conditions of need.

However, it may be logical to say that the above listed provisions, are not explicit enough and this explains why legislation have been enacted on some specific subjects ranging from the Labour Act Cap 193, 1990 and others (Obisi, 2005).

From the foregoing, it is safe to conclude that both at the national and State levels, there are enough laws and standard to ensure that workers enjoy some rights and protection at work. The big question is the extent to which these plethora of rights have been enjoyed by workers of Small and Medium Scale businesses. The experience is that these legal provisions are not consummated and the consequence is that workers are ill-protected by law.

### **Scope of the study**

As far as this work is concerned, the following rights are in perspective: (i) Right to earn salaries and wages at the end of the month; (ii) Right to health, safety and welfare (iii) Security of service and (iv) Right to complain.

### **Brief overview of SMEs in Enugu State Nigeria**

The definition of SMEs cannot mean the same thing everywhere. It varies from country to country, and even within a country, its definition still means different things to different sectors. Some see the definition from the number of workers employed by a firm while others define it from the capital point of view and so on.

The National Council on Industry (2001), on their 13<sup>th</sup> meeting held in Makurdi, Benue State, says that Small Scale Industry is that industry whose total cost is over 1.5 million naira but not more than 50 million naira, including working capital but excluding cost of land, and or labour size of between 11 – 100 workers. SMEs can be defined according to Adelowo et.al. (2012) as enterprises with a maximum asset base of 500 million naira excluding land and working capital, and with staff strength of not less than ten (10) and not more than 300 workers. Any connotation of SMEs sector must take into consideration that street trader must be included, otherwise it is not complete. It is interesting to note that in some towns, both the hawkers as well as the small and medium scale enterprises operate from the same areas (Ufua et.al. 2020 citing Motilewa et.al. 2015).

From the definitions above, one can quickly conclude that for someone to establish small or medium scale businesses, depends on the amount of capital available. Small scale business requires small amount to establish, and it produces goods in small quantity, while medium scale businesses requires bigger amount of capital. SMEs operating in the Nigerian economy are mandated to operate under the legal system that regulates their operations (Adelowo et.al. 2012).

Lawal et.al. (2016) pointed out that SMEs have contributed to the growth and development of industrialized economies of the world and over time has proved to be one of the most potent forces for the emancipation and growth in any economy. The survival of SMEs is based on the extent to which any economy maximizes them and their inputs much depends on the enabling and prevailing environment generated through the availability of necessary infrastructural facilities, tax incentives, business friendly regulatory measures and essential structural services such as the provision of the legal system. These comprises good transportation network, stable electrical power supply, strong telecommunication network, sound legislative structure, provision of credible credit facilities and policy (Ogundele, 2007, Okeke et. al. 2013, and Schlaepfi, 2014). SMEs in Nigeria, as in most countries around the world, are the engines of the economy.

The Centre for Small and Medium scale Enterprises was established in Enugu State in the year 2005. This Centre was established in collaboration with the Enugu State Government to provide support to Small and Medium Enterprises in Enugu State. Enugu state is one of the emerging industrial hubs in Nigeria with SME base of 1366 (Nwokocha and Madu 2020).The activities of these enterprises have significantly increased the revenue base of the government, making the area an emerging market economy. Most of the small scale industries and businesses usually found in Enugu State includes satchet water industries, furniture industries, bakery industries, private schools (Creche,/Nursery, primary and secondary schools), and agricultural projects such as poultry and piggery farms and lots of others. There are other businesses that can be grouped under medium scale business in Enugu State. Such businesses require bigger capital. Examples of such businesses are Micro Finance banks, hospitals, hotels etc. Onah (2018) remarked that government and banks have not funded SMEs properly. Small scale industries in Enugu State find it very difficult if not absolutely impossible to qualify for granting of loans from financial houses partly because of high interest rate associated with such grants and also as a result of absence of collateral. They therefore seek other means such as inventory control and management of cash debtors and creditors which make for higher profit so as to survive the threat of competition with large firmly established firms and industries.

**Research Methodology**

**Study Area**

The study area is Enugu State. Enugu State is one of the 36 States of Nigeria. The State was carved out from the old Anambra State on 27<sup>th</sup> August 1991. Enugu State shares boundaries with Anambra State on the West, Abia State on the South, Kogi State on the North and Ebonyi State on the East. There are 17 Local Government Areas in Enugu State. Economically, Enugu State is predominantly rural and agrarian. In urban areas, trading is dominant occupation, followed by services. A small proportion of the working population is also engaged in manufacturing activities.

**Sampling and Sampling Procedure**

The Enugu State Ministry of Industrial Directory of Firms show that majority of SMEs are located in the 6 Local Government Areas namely: Enugu South, Enugu East, Nsukka, Udenu, Oji River and Udi. We therefore used our judgement to select samples from these 6 Local Government Areas. We used purposive sampling to select these 6 out of the 17 Local Government Areas that made up Enugu State. The total number of SME’s in the 6 selected Local Government Areas are 1648.

**Sample Size**

We also used purposive sampling technique to select 5 enterprises from each LGA, making a total of 30 enterprises. In each enterprise, we interviewed 5 persons, which include the owner of the enterprise and 4 workers. The total number of our sample size therefore was 150 interviewees. This figure includes 30 SME owners and 120 SME workers. The SME owners which were 30 interviewees represented 20% of the total sample, while the SME workers which were 120 interviewees represented 80% of the sample; both therefore making a total of 100%. See table 1 for sample size distribution. We narrowed down the SME’s selected to those under the service delivery sector such as eatery, shopping malls, schools, tailoring and farming/livestock.

Below is the Sample Size distribution as represented by their LGA

**Table 1: Sample Size distribution of Interviewees per LGA**

S/No	LGA	No. of SME’s	No. of Interviewees	
			SME OWNERS	SME WORKERS
1.	Enugu South	5	5	20
2.	Enugu East	5	5	20
3.	Nsukka	5	5	20
4.	Udenu	5	5	20
5.	Oji-River	5	5	20
6.	Udi	5	5	20
	Total	30	30	120

Source: Fieldwork ( 2020)

**Data Collection and Analysis**

Data for the study were extracted from primary and secondary sources through the use of documentary materials, interviews and field observation. Data from primary sources were analysed in percentages and frequency distribution tables. The secondary data were also subjected to intense analysis and interpretations made.

**Data Presentation and Analysis**

Question 1. Did COVID-19 Pandemic affect your business/work in any way?

**Table 2: COVID-19 Pandemic and effect on SME and Workers**

CATEGORY OF RESPONSES	FREQUENCY	PERCENTAGES
COVID-19 PANDEMIC HAD SIGNIFICANT EFFECT ON MY BUSINESS	28	19%
COVID-19 PANDEMIC ACTUALLY AFFECTED MY WORK	120	80%
COVID-19 PANDEMIC DID NOT AFFECT MY BUSINESS SO MUCH	2	1%
TOTAL	150	100%

Source: Field Work (2022)

Table 2 revealed that 19% out of 20% of the total SME owners accepted that COVID-19 pandemic affected their businesses significantly, while only or less than 1% admitted that COVID-19 pandemic did not affect their businesses so much. The table also revealed that 80%, ie all the SME workers interviewed accepted that COVID-19 actually affected their work.

Question 2: How did COVID-19 pandemic affect your business/work?

**Table 3: COVID-19 pandemic and varieties of effect on SME workers**

CATEGORY OF RESPONSES	FREQUENCY	PERCENTAGES
THE LOCKDOWN POLICY BY THE FEDERAL GOVERNMENT MADE ME TO SHUT DOWN MY BUSINESS, SO I ASKED MY WORKERS TO STOP COMING TO WORK.	26	17.3%
MY WORKERS MANAGED TO COME TO WORK IN SPITE OF THE LOCKDOWN, BUT RETURNS WERE POOR.	4	2.7%
THE LOCKDOWN POLICY RESTRICTED MOVEMENT, SO I STOPPED GOING TO WORK AND MY EMPLOYER TERMINATED MY APPOINTMENT	36	24
MY EMPLOYER SLASHED MY SALARY, AND WAS NOT PAYING ME REGULARLY, BUT HE DID NOT SACK ME.	84	56%
TOTAL	150	100%

Source: Field Work (2022)

Table 3 revealed varieties of effect which COVID-19 pandemic had on SME workers. 17.3% out of the total 20% os SME owners admitted that they asked their workers to stop coming to work, while only 2.7% of SME owners accepted that their workers was

coming to work in spite of the lockdown, though returns were poor. The table equally revealed that 24% of SME workers admitted that their employers terminated their appointment, while 56% accepted that their salary was slashed and also not regular.

Question 3: How many workers resumed work after the Government eased COVID-19 lock down?

**Table 4: COVID-19 pandemic and relationship with job lost**

CATEGORY OF RESPONSES	FREQUENCY	PERCENTAGES
I ASKED SOME WORKERS TO RESUME WORK, BUT I INTEND RECALLING BACK MORE WORKERS IF MY BUSINESS STARTS BOOMING.	25	16.7%
I ASKED ALL MY WORKERS TO RESUME WORK	5	3.3%
I RESUMED WORK AFTER THE LOCK DOWN WAS EASED.	88	58.7%
I DID NOT RESUME WORK BECAUSE MY EMPLOYER SAID HE HAD NO MONEY TO PAY MY SALARY.	32	21.3%
<b>TOTAL</b>	<b>150</b>	<b>100%</b>

Source: Field Work (2022)

Table 4 revealed that 16.7% out of the entire 20% sample of SME owners asked some of their workers to resume work after the lock down, while 3.3% asked all the workers to resume. The table also indicated that out of the entire 80% sample of SME workers, 58.7% admitted that they resumed work after COVID-19 lock down, while 21.3% said that they did not resume work because their employer said they do not have money to pay their salaries.

Question 4: How did Government/ your employer help you to suppress the effect of COVID-19 pandemic on your business/work?

**Table 5: Government Stimulus and impact on SME workers during COVID-19 pandemic**

CATEGORY OF RESPONSES	FREQUENCY	PERCENTAGES
I DID NOT GET ANY HELP SUCH AS LOAN FROM GOVERNMENT TO CUSHION THE EFFECT OF COVID-19 PANDEMIC ON MY BUSINESS	30	20%
I DID NOT GET ANY HELP FROM MY EMPLOYER TO SUPPRESS THE EFFECT OF COVID-19 PANDEMIC	117	78%
I ONLY BENEFITTED FROM STIMULUS PACKAGE SHARE OF RICE, INDOMIE AND GARRI FROM THE FEDERAL GOVERNMENT.	3	2%
<b>TOTAL</b>	<b>150</b>	<b>100%</b>

Source: Field Work (2022)

Table 5 showed that 20% of SME owners did not get any help from government. That is to say that none of the SME owners that was interviewed got any help from government to suppress COVID-19 effect on their businesses. The table also showed that 78% of SME workers also admitted that they did not get any help from their employers. It was only 2% of SME workers that admitted that they benefitted from stimulus package of rice, indomie and garri that was shared by the federal government to the public.

Question 5: Don't you think that workers can go to court for breach of contract with regards to rights of compensation and termination of appointment without notice?

**Table 6: Government policies and effect on the rights of SME workers**

CATEGORY OF RESPONSES	FREQUENCY	PERCENTAGES
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<b>WORKERS WILL NOT SUE ME TO COURT FOR TAKING DECISION ON HOW TO MANAGE MY OWN BUSINESS. AFTER ALL NOBODY IS FINANCING MY BUSINESS FOR ME.</b>	30	20%
<b>I DON'T THINK IT IS NECESSARY FOR ME TO SPEND THE LITTLE MONEY I HAVE ON LITIGATIONS. I THINK IT IS BETTER TO HAVE MY APPOINTMENT TERMINATED, THAN ALLOWING ME TO WORK WITHOUT PAY.</b>	110	73.3%
<b>EVEN IF I WON THE COURT CASE AND MY EMPLOYER REFUSED TO PAY ME, WHAT DO I STAND TO GAIN?</b>	10	6.7%
<b>TOTAL</b>	150	100%

Source: Field Work (2022)

Table 6 revealed that the entire 20% of SME owners that was interviewed demonstrated lack of respect for government policies as it affects the rights of their workers. The table also revealed that 73.3% of SME workers accepted that they will not sue their employers to court for breach of contract as that will only make them to waste the little resources they have acquired. The remaining 6.7% of SME workers also admitted that they will not go to court because they know that nothing meaningful will be achieved at the end.

### Findings and Discussions

#### COVID-19 PANDEMIC AND EFFECT ON THE RIGHTS OF SME WORKERS IN ENUGU STATE

Questions 1, 2, and 3 were used to analyse the effect that COVID-19 pandemic had on the rights of SME workers in Enugu State. The results of the questions as displayed on table 2 shows that 99% of SME owners and workers admitted that COVID-19 pandemic actually affected both their businesses and workers simultaneously. The results on tables 3 and 4, shows varieties of effects, which COVID-19 pandemic have on SME workers. These effects range from denial of salaries and reducing salaries to percentages to termination of appointments.

Another findings as captured in table 5 is that SME workers did not get help in any form from their employers to cushion the effect of COVID-19 pandemic, hence, the result of 78% out of 80% workers that admitted that they did not get any help from their employers.

Other finding as captured in table 6 is that SME owners does not have regard for government policies in relation to the rights of their workers. Workers are also not determined to go to court to challenge their employers for breach of contract because they feel that nothing meaningful will come out of it.

With the gradual increase in number of people affected by COVID-19, the Federal Government of Nigeria had to quickly take stringent actions. Hence to curtail the spread of corona virus, the Federal government of Nigeria imposed a lockdown measure that lasted for eight weeks (March – June 2020) (Andam, et. al. 2020). Some small and medium sized enterprises were at the risk of collapse and to be permanently shut down within a matter of months if the spread of the virus and subsequent lockdown measures continued to be enforced (Godwin, 2020). The government had used different measures to control the spread of the virus and these include the closure of airports, schools, market places and worship centres among others. The closure by the Federal Government of Nigeria started on March 30, 2020 with the Federal Capital territory, Lagos and Ogun States having the first share being the first States with the COVID-19 cases in the country (Presidential Task Force on COVID-19, 2020).

In Enugu State, South-Eastern Nigeria, these measures were also announced. Stay-at-home orders from State and local leaders limiting public gatherings required many businesses to either temporarily close or find ways to operate without having people in close contact with one another. Businesses like restaurants and retailers were completely shut down. Such businesses like private schools were shut down and education programmes reverted or shifted to new technology platforms. Under this arrangement, a teacher uploads a topic and teaches students through virtual learning. Shopping malls were closed. Transportation restrictions were implemented. A directive was issued by the government for lockdown, exempting only essential service providers.

The lockdown instituted by government, restricted movement and many small scale farmers could not get to their fields. Farmers' access to markets also was severely disrupted. As most small scale farmers did not have storage facilities, they had to watch their fruits and vegetables spoil, or sell them off cheap to unscrupulous middlemen (Afan, 2020)

These closures, while essential, are having negative ripple effects across all sectors and segment of the country (Obiakor, 2020). Small and Medium scale businesses in Enugu State stopped operations for a while due to their helplessness to undertake preventive measures like ensuring physical distancing, providing sanitizers, water and soap for customers use.

No doubt, there are many negative implications of the pandemic as regards to the rights and welfare of employees of SMEs in Enugu State. One of these negative implications was termination of appointments. Some of the workers of SMEs were either permanently or temporarily laid-off from their service as a result of financial crisis being experienced by their employers. This was why Kazeem (2020) stated that many Nigerians were made unemployed by COVID-19. The NBS substantiated this fact in a recently released Abridged Labour Force Survey Under COVID-19 for August 2020, which gave the breakdown of unemployment rates in the country after a 20-month interval. The report indicated that 21,764,617 Nigerians were unemployed. The Bureau said unemployment rate during the period in reference represented a 27.1 percent rise from 23.1 percent recorded in the third quarter of 2018 (Agbede 2020). A rise in unemployment generally means the number of people searching for jobs increased, which occurred because people previously outside the labour force have decided to join the labour force and are now in search of jobs.

Another negative implication of COVID-19 pandemic on the rights and welfare of SME workers in Enugu State was that workers were denied salaries and other welfare benefits. Those who were lucky were paid half salary each month. We also had cases of those who were either paid in percentages or paid only once throughout the period of lockdown. Some of the SME workers were forced to be on leave and they were denied their leave allowances. This denial of salaries to those concerned, even though it was to balance the lack of revenues, has a negative implication on the rights of SME workers.

One can imagine the kind of trauma which this group of employees went through all because of COVID-19 pandemic. There was limited coping capacity of SME workers against financial challenges they were facing in their families. It is challenging to survive with reduced revenue, jobs lost and life slowing down. As if that was not enough, the CBN devalued naira from three hundred and sixty naira to three hundred and eighty naira with the black market rate reaching four hundred and seventy naira equivalent to one dollar (N470:\$1) at the period of study. The high and rising exchange rate implies that Nigerian businesses would need more naira to pay fees and health bills, with no expected increase in profits and salaries, and to worsen the matter when some of them are not expecting salary at the end of the month. When facing crisis one after the other, it is normal to feel stressed, worried and unsure about your income or health of one's family. The impact of prolonged stress can lead to negative or unhelpful behaviours. Feeling fearful is just a natural human reaction to any threat, which takes someone to other physical, emotional, psychological or behavioural reaction (Fushekasi, 2020).

### **SMEs workers and Government stimulus**

Government all over the world has adopted varying degrees of suppression and mitigation measures in the wake of COVID-19 pandemic. In Nigeria, government worked at achieving a balance between economic and public health objectives, while citizens expressed frustrations with lockdown measures which ran into several months. No wonder Adebukola (2020) commented that it became quite clear that enforcing stay-at-home orders was a difficult option for an economy with a huge informal sector. Traditionally, informal activity sustains on a daily basis hence stay-at-home order means that citizens expect some relief from the State.

In an interview with Ripples Nigeria (2020), Kalu lamented that enforcement of lockdown measures by the State government has made small businesses with staff in their payroll to suffer, as the business owners are not getting any financial aid from the government. In a similar experience, Madu, who was also interviewed, told the Ripples Nigeria that the decision to announce these measures is well in place, but by not putting some relief packages out there for these traders and small businesses, the effect would be hard for them to recover. Palliatives were distributed to households during the lockdown, but to only few beneficiaries.

The Central Bank of Nigeria (CBN) issued a press release on the 16<sup>th</sup> of March 2020 detailing policy measures being activated to cushion the adverse economic impact of the pandemic (Olushola, 2020). Of particular interest is N50 billion Targeted Credit Facility (TCF) for households and SMEs that have been particularly hard hit by the COVID-19. The guidelines for implementation were released by the apex bank on March 23, 2020. The guidelines set out the objectives of the Target Credit Facility as follows:

1. To cushion the adverse effect of COVID-19 on households and MSMEs.
2. Support households and MSMEs whose economic activities have been significantly disrupted by covid-19
3. Stimulate credit to MSMEs to expand their productive capacity through equipment upgrade, and research and development.

The eligible participants that can apply for TCF, according to the guidelines include:



1. Households with verifiable evidence of livelihood adversely impacted by COVID-19 and
2. Existing enterprises with verifiable evidence of business activities adversely affected as a result of COVID-19 pandemic.

The economic activities covered by the TCF include agriculture, hospitality health, airline service providers, manufacturing, trading and any other income generating activity as may be prescribed by the CBN. The implication was that any SMEs that did not fall under any of the above listed categories were not eligible to access the TCF. The TCF also required that beneficiaries pledge collateral and the guidelines stated the types of collateral that will be acceptable. They include movable assets, simple deposit of title documents in perfectible state, two acceptable guarantors, personal guarantee of the promoter of the business, life insurance of the keyman etc.

There are also other plan by the government of Nigeria that seek to

1. Stimulate the economy by preventing business collapse and ensuring liquidity.
2. Retain or create jobs in key areas like agriculture and housing.
3. Extend protection to the very poor and other vulnerable groups.

A number of key projects are also included in the plan, among which is proposal to support the micro, small and medium enterprises, an 80% reduction in the registration fees for food, drugs, cosmetics, medical devices, and chemicals by the National Agency for Food and Drug Administration and Control (NAFDAC) as well as waiver of administrative charges for product license renewals (Olurewaju, 2020). Olarewaju (2002) also remarked that government also planned to create a survival fund to give payroll support to small and medium size enterprises.

The government plans appeared laudable. The problem is that these broad objectives sound like a typical campaign promises of successive Nigerian governments. As with the plans of this nature, the question is, Will they be implemented? Successive Nigerian governments have spent huge sums on various economic programmes in the past with very little to show for them due to ministerial corruption and mismanagement. The point we are making here is that most government policies in Nigeria usually end up with all sorts of implementation problems. Another problem is that some features of the plan do not have a precise meaning. For example, how can small and medium enterprises access the support that is being proposed? And why is there no mention of support to the health sector?

Most of the SMEs in Enugu State did not benefit from government stimulus directed to safeguard the jobs of the employees. Ekeruche (2020) reckons that on the monetary policy, the CBN has cut down the interest rate at which it lends to commercial banks from 13.5% to 12.5%. The Central Bank extended the payment of its intervention loans by one year and reduced interest rate on these loans from 9% to 5%. The nine CBN intervention funds that existed cover primarily the agriculture, manufacturing and creative sectors. Hence, those in other sectors that are not mentioned cannot benefit from this fund. Even when those sectors that were mentioned benefitted from the intervention fund, the extent to which these efforts trickle down to safeguard the jobs of employees in SMEs cannot be proved. The business owners can decide to use the fund for things which they consider more important to them and employees' salaries and welfare may not be among the list. This of course is very unfortunate, and there is nothing that worker can do about it.

The reduction in the monetary policy rate does not automatically reduce the rates imposed on loans by commercial banks. This implies that Nigerian businesses, regardless of sector are still being required by commercial banks to service their loans. The implication is that businesses in hard-hit sectors such as tourism, aviation, and hospitality could be using the funds they get from government intervention to service existing debts with commercial banks, leaving less money for essential needs such as paying workers.

### **Government policies as it affect the rights of SME workers in Nigeria**

Over the years, SME workers' rights have emerged from different sources such as the Constitution of the country, and the national Labour and Employment Laws as documented in the Contract of Employment. The essence of workers' rights is to ensure safe, healthy, and fair conditions of work so that work activities can be performed in atmospheric conditions free of tension and vendetta (Obisi, 2005). Some components of workers' rights are the rights to job safety, collective bargaining, and equal pay for equal work. The basic expectations are that workers, in both public and private sectors should be made to enjoy these rights and become productive.

But the situation facing Nigerian workers especially the employees of SMEs is such that their rights and welfare are not guaranteed, even with the documented contracts of employment. The records available in the country through the Civil Liberty Organisation, Campaign for Democracy and other Non-Governmental Organizations confirmed that the level of conformity is very

low and not worthy of emulation. Factory Act provision has been neglected to the extent that most of the factories are in despicable state thus increasing death rate on daily basis. Many factories were incorporated without any visit to the site/location and so also are compensation Act that clearly spelt out conditions for indemnification, most especially injury arising in the course of job performance. Employers in SMEs usually do not pay what law stipulated as minimum pay and the provision of timeframe in the termination of employment or in lieu of payment has equally been relegated to the background, not to talk of severance pay.

The political and economic situations in Nigeria are such that workers do not have confidence on government policies. There are manifestations of lack of political will on the part of government to protect workers. The development of sound and good government policy for SMEs is an indispensable component of growth strategy of most economies. Reports show that government policies typically strengthen opportunities for SMEs to develop (OECD, 2009). However developing countries and post-conflict countries rarely follow policies of savvy and access to important information by decision makers or policy planners in the government regarding SMEs. Also the precedence of government of the day is common to adopt policies that might tone up their political power resulting in less concentration on economic growth. Subsequent government policies most often neglect and do not address those visible challenges that hinder the growth of SMEs. This of course has a negative effect on the rights and welfare of workers. It is very natural for business owners to start thinking about the welfare of workers, only when their business is booming and lots of profit coming in.

### **Conclusions**

The study investigated the impact of COVID-19 pandemic on employee rights in small and medium scale enterprises in Enugu State, Nigeria. The work relied on currently existing literature to have a conceptual review on the topic. The findings revealed that COVID-19 pandemic had a negative effect on employee rights in small and medium scale enterprises in Enugu State. Small and medium scale businesses experienced a large decline in businesses activity because they stopped operations for a while. Because of financial crisis they experienced, some of them resorted to denial of allowances to their workers and some of them even sacked their workers. The policy initiatives that Nigerian government adopted, which could have helped some SMEs that was hard-hit by COVID-19 pandemic did not help matters, as most SMEs in Enugu State did not benefit from the intervention funds. Most SMEs in Enugu State did not qualify for granting of intervention loan because of absence of collateral. This study therefore conclude that if government wants the employees of SMEs to enjoy their rights and welfares, government must make strong policies that address the problems hindering the growth of SMEs, then monitor the implementation of these policies, which in turn will reflect in the progress of businesses. When businesses are booming, it is very normal for business owners to give attention to their workers by giving them what is due to them.

### **Recommendations**

Based on the expositions made so far, the following recommendations were made:

1. Government should make good policies that address the problems challenging the growth of SMEs in Nigeria, so that business will keep booming and workers' rights will be guaranteed.
2. Making policies alone is not enough, there is need for government to monitor and see to the smooth implementation of policies and also make the implementation processes precise and transparent so that eligible SME participants can benefit.
3. Government should not be selective in choosing categories of economic activities that should benefit from stimulus package meant for SMEs
4. The employers of small and medium scale businesses should respect the rights of their workers and dialogue with them in sensitive issues relating to their welfare and rights instead of treating them with disdain.

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