

## **IMPACT OF COVID-19 PANDEMIC ON SOCIAL SECURITY IN NIGERIA**

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### **ABSTRACT**

The study examines the impact of the COVID-19 pandemic on social security in Nigeria. Survey research design was used and data were collected from 1023 respondents comprising of 425 SME owners and 598 employees through a simple random sampling technique. Descriptive statistics and Paired t-test were utilized for the data analysis. The study found that the COVID-19 pandemic has affected the social security of the employees in Nigeria negatively. Due to the COVID-19 pandemic, SMEs significantly laid off many workers and reduced the monthly expenditure on the welfare of workers, and worsened the state of social security among employees. Therefore, the study suggested that the Nigerian government should fully implement the support schemes formulated to cushion the effect of the COVID-19 pandemic and to offer grants for those who have lost employment in the course of this pandemic and improve the household consumption loans to smoothen the consumption pattern during the COVID-19 pandemic. The study also recommends that the Nigerian government should set up a Social Security Trust Fund from which the benefits can be explored during a pandemic or sudden economic hardships and pass a Social Security Act to back up the establishment of the social security fund that would generate funds for any economic hardships or pandemics.

**Keywords:** COVID-19 Pandemic, Expenditure, Employees, SME Owners, and Social Security

**JEL Classification:** I13, H53, H55, P46

### **1. Introduction**

Social security is the protection that society provides to individuals and households to guarantee income security and to ensure access to health care, particularly in cases of old age, unemployment, pandemic, sickness, invalidity, work injury, maternity, or loss of a breadwinner. The features of social security include the protection of the workers from various contingencies of life through the collective efforts of the employee, employer, and government. It is also a mechanism to solve the problem of insecurity and provide social justice and group effort in place of individual effort. The first expression of social security started in the 20th century in the Social Security Act of the United States that was enacted specifically in 1935 and subsequently in New Zealand in 1938 (History.com Editors,

2020). This was countermeasures against the great depression that was urgently needed to create economic security systems for the unemployed during the period. There are different types of social security, viz: the retirement benefits, disability benefits, benefits during pandemics, survivors' benefits, and supplemental benefits.

Social security has a powerful impact at all levels of society as it provides workers and their families with protection against loss of income and possibly access to health care in an event of contingencies such as short periods of unemployment, pandemic, sickness, maternity, for a longer time due to invalidity or employment injury as noted earlier. This social security helps workers or employees and enterprises to maintain stable labour relations and a productive workforce. This in turn contributes to social cohesion and overall growth and development of the country by bolstering living standards, cushioning the effects of structural and technological change, and/or pandemic on people, and thereby providing the basis for a more positive approach toward globalisation.

Statistics have shown that only 20 percent of the world's population has adequate social security coverage while more than half of the world's population lacks any kind of social security protection. In sub-Saharan Africa, only an estimated 5% to 10% of the working population has some social security coverage, unlike middle-income countries where social security coverage generally ranges from 20% to 60% of the population (International Labour Organization, 2003). Unlike African countries, some developed economies have social security funds. However, according to Peterson (2020), the Social Security Board of Trustees have been warning for years that the program faces funding shortfalls. In Nigeria, the majority of those without coverage tend to be part of the informal economy- they are generally not protected in old age by social security, during pandemics and they cannot afford to pay their health care bills and sustain themselves. The Federal Government reinforced the social security framework through the establishment of the Pension Reform Act (PRA) 2004 and 2014 in Nigeria (Deloitte, 2019).

However, the emergence of the COVID-19 pandemic threatens the financial viability of social security systems in many developing countries. Nigeria was among the first countries in Sub-Saharan Africa to identify COVID-19 (coronavirus) cases and has since implemented strict measures to contain the spread of the virus. Many countries across the global community are facing unprecedented challenges as a result of the COVID-19 pandemic. Therefore, the current COVID-19 pandemic seems to have a disastrous effect on social security in developing economies such as Nigeria. It has paralyzed almost all economic activities of enterprises and organisations. The pandemic has affected the economy in several ways especially the supply and demand sides of the enterprises and organisations leaving workers with the chances of survival through social security packages. Incidentally, the informal economies of the developing world which are generally a larger source of employment suffer the lack of social security coverage most. In Nigeria, this informal sector enterprises have employed over 70% of the workforce. Thus, the effect of this pandemic may affect the informal sector enterprises and the level of social security. To Ngutsav and Ijirshar (2020), many consumers were faced with the loss of income, heavy job losses, furloughed and faced with pay cuts or lower aggregate wages, fear of contagion, and heightened uncertainty which in turn reduces spending and consumption. It is obvious that COVID-19 has affected human beings in several ways, its

influence on social security cannot be overemphasized. But social security helps mitigate systematic inequality. But the depth and extent of the pandemic's economic impact on social security are still highly uncertain.

It is in light of the above that this study examines the impact of COVID-19 pandemic on social security in Nigeria. Specifically, the study assesses the effect of COVID-19 pandemic on the monthly expenditure of SME owners on the welfare of workers, the effect of COVID-19 pandemic on the employment offered by SMEs (level of job loss), the available types of social security offered to employees during the COVID-19 based on the responses of the SME owners and employees, the coping strategies adopted by SME owners and employees during the COVID-19 to cushion the effect of the pandemic, the possible strategies adopted by SMEs to improve social security among employees during the pandemic, and the government support or stimulus packages during the COVID-19 pandemic.

The rest of this paper is structured as follows; section 2 discusses the literature review. The methodology is presented in section 3 while section 4 presents results and discussion of findings. Section 5 offers conclusion and policy recommendations.

## **2. Literature Review**

Social security can be seen as monetary assistance from the state for people with inadequate or no income. Others see it as the federal insurance scheme providing benefits for pensioners and those who are unemployed or disabled. It can be defined in a broader sense as the protection that society provides to individuals and households to ensure access to health care and to guarantee income security, particularly in cases of old age, unemployment, sickness, invalidity, work injury, pandemic, maternity or loss of a breadwinner (International Labour Organization, 2003). According to International Labour Organization (2003), only one in five people in the world has adequate social security coverage, and that more than half the world's population lacks any type of social security protection while in Sub-Saharan Africa, only an estimated 5% to 10% of the working population has some social security coverage.

However, social security has a powerful impact on all levels of society. It provides workers and their families with access to health care and with protection against loss of income, whether in times of pandemic or short periods of unemployment or sickness or maternity or for a longer time due to invalidity or employment injury. It also provides older people with income security in their retirement years. More so, children benefit from social security programmes designed to help their families cope with the cost of education. For employers and enterprises, social security helps maintain stable labour relations and a productive workforce and can contribute to social cohesion and to a country's overall growth and development by bolstering living standards, cushioning the effects of pandemics, structural and technological change on people and thereby providing the basis for a more positive approach toward globalisation.

Theoretically, the study used political theory, efficiency theory, and generally positive theory of social security. Political theory view social security as redistribution, the outcome of a political struggle. Two or more groups of citizens fight (politically) to extract

resources from each other and, if a theory predicts the elderly's winning the fight, it becomes a social security theory (Mulligan & Sala-i-Martin, 1999). Efficiency theories are those identifying market inefficiencies and explaining how a social security program might be created. These theories often explain why it must be the government that administers a social security program. This is because the theory argues that the market fails to provide a certain kind of insurance for the elderly so that the government needs to step in. Most times, the theory shows why social security is the optimal way to eliminate inefficiency. Sometimes, it is only shown that social security partially alleviates the problem. The two theories share a number of characteristics and predictions, viz: the outcomes of political struggles are likely to be economically inefficient. Hence, these theories suggest that there are social security reforms that may increase welfare. But the challenge is that the same theories tend to predict that social security reform may not be feasible without political reform (Mulligan & Sala-i-Martin, 1999). The political theories also predict that social security results in redistribution from young to old while efficiency theories do not necessarily make this prediction.

The positive theory of social security also suggests that social security programs around the world link public pensions to retirement. The main idea is that pensions are means to induce retirement--that is, to buy the elderly out of the labour force because the aggregate output is higher if the elderly do not work. The theory modeled through positive externalities in the average stock of human capital because skills depreciate with age, the elderly have the lower-than-average skill and, as a result, have a negative effect on the productivity of the young (Sala-i-Martin, 1996). Hence, the idea behind the theory is that social security transfers are the means by which such retirement is induced. The theory has failed to justify the essence of social security to protect workers from economic hardships such as unemployment, sickness, invalidity, work injury, pandemic, or loss of a breadwinner but that of old age only. However, the positive theory of social security has seen social security as a luxury good. The theory recognizes that transfers are linked to retirement, pensions are linked to previous wages, pensions are linked to work history and social security programs enjoy a great deal of political support and tend to be financed with wage taxes. However, the creation of the social security program is not related to a political system (Sala-i-Martin, 1996).

Empirical studies on the effect of the COVID-19 pandemic on social security are very few. Some of the studies are as follows. Munnell (2020) forecasted how COVID-19 pandemic will affect Social Security finances in the United States. Munnell (2020) asserts that the impact of COVID-19 on Social Security finances could come through either shift in the long-run cost and income lines and pushing forward in the date when the trust fund runs out of money. According to Miller (2020), social security's financial forecast has been pointing toward a long-range shortfall since there is a drop in the payroll tax. Napach (2020) also justified by arguing that the pandemic and subsequent lockdowns have pushed the United States economy into a recession leaving 20 million unemployed Americans who along with their employers are no longer contributing the taxes that are funneled into the Social Security Trust Fund. Peterson (2020) also simulated the effect of COVID-19 on

social security in terms of depletion in social security trust funds, depletion of the combined trust funds due to a decline in payroll tax revenues and increase in unemployment, a decline in tax revenues due to low inflation that will reduce workers' earnings. Thus, Peterson (2020) states that there would be more rapid depletion of the social security trust funds as a result of the pandemic.

To United States Taxpayer Expense (2020), income from social security may reduce unemployment benefits. Thus, when lost a job as a result of COVID-19 and gets unemployment benefits, it may affect or reduce other social security benefits such as retirement and disability benefits. It is important to note that unemployment compensation payments are not wages because they are paid due to unemployment rather than employment. According to McKenna (2020), COVID-19 pandemic could impact social security in a few different ways. Among them are, the pandemic reduces payrolls as workers lose their jobs. Thus, it reduces the program's income, which could force a further drawdown of trust assets. Addison, Sen, and Tarp (2020) also assessed the macroeconomic dimensions of the COVID-19 pandemic in the developing world. The study found that policymakers must simultaneously find fiscal space to fund health, social protection, and livelihood support and the remedy to the virus determines the macroeconomic outcomes such as the size of the GDP loss, the duration of the recession, and the outcomes for the fiscal deficit and debt ratios. The study also found that the pandemic could reinforce the existing trend towards higher social inequality.

Andam, Edeh, Oboh, Pauw, and Thurlow (2020) also analysed the economic impacts of the COVID-19 pandemic and the policies adopted to curtail the spread of the disease in Nigeria. The study used the Social Accounting Matrix (SAM) in simulating the economic impact of the COVID-19. The study found that household income losses suffered during the lockdown period. Nigeria's GDP suffered a percent loss with two-thirds of the losses occurring in the services sector. In a closely related study, Yemisi (2020) examined the COVID-19 pandemic and social protection conundrum in Nigeria and asserts that social protection has been considered an important instrument in the mitigation of COVID-19 implications and it is a universal human right with a far-reaching response in the prevention, reduction of poverty and inequality, improving access to health care, and ability to cope with socio-economic shocks. The study, however, found that there is an inability of the Nigerian government to design sustainable social protection policies prior to the pandemic and that has led to the complexities of challenges faced in the engineering of social protection in the COVID-19 period. The United Nations High Commissioner for Refugees-UNHCR (2020) also assessed the impact of the pandemic in terms of access to economic, social, cultural, civil, and political rights of refugees and other persons of concern and the host community members in Nigeria. Data collected include qualitative and quantitative variables. Data were analysed using descriptive statistics. The study found that COVID-19 has negatively impacted the socio-economic status of persons of concern in Nigeria irrespective of their categories (refugees, IDPs or returnees, host) and locations. In view of the above, there is no empirical evidence on the impact of the COVID-19 pandemic on social security in Nigeria with empirical data. Hence, the novelty of this

study is to fill this existing empirical gap of the impact of COVID-19 pandemic on social security in Nigeria.

### **3. Methodology**

#### **3.1 Data Needs and Method of Data Collection**

A survey design was used for this study. A sample size of 1023 comprising of 598 workers and 425 SME owners were collected from 13 countries and Federal Capital Territory (FCT) in Nigeria. The States include FCT (Abuja), Benue, Rivers, Taraba, Ebonyi, Cross River, Osun, Akwa-Ibom, Ogun, Zamfara, Kano, Kogi, Lagos, and Bauchi. The survey covered all the six geo-political zones in Nigeria. The survey took about one month from 4<sup>th</sup> September 2020 to 10<sup>th</sup> October 2020. Even though the study recorded only 1023 responses from 598 employees and 425 SME owners, its expectation was to record more responses from both employees and SME owners across the country which formed part of the challenge. However, the wide coverage across many States in Nigeria has subverted this challenge in the study. The location distribution of the respondents (SME owners and employees) is presented in Table 1.

**Table 1: The Cross Tabulation of Location by Category of the Respondents**

<b>Location</b>	<b>SME Owners</b>	<b>Employees</b>	<b>Total</b>
FCT (Abuja)	54(12.71%)	69(11.54%)	123 (12.02%)
Benue	69(16.24%)	139(23.24%)	208(20.33%)
Rivers	20(4.71%)	31(5.18)	51(4.99%)
Taraba	32(7.53%)	48(8.03%)	80(7.82%)
Ebonyi	20(4.71%)	32(5.35%)	52(5.08%)
Cross River	11(2.59%)	16(2.68%)	27(2.64%)
Osun	23(5.41%)	28(4.68%)	51(4.99%)
Akwa Ibom	20(4.71%)	31(5.18%)	51(4.99%)
Ogun	23(5.41%)	29(4.85%)	52(5.08%)
Zamfara	22(5.18%)	30(5.02%)	52(5.08%)
Kano	19(4.47%)	21(3.51%)	40(3.91%)
Kogi	21(4.94%)	52(8.7%)	73(7.14%)
Lagos	80(18.82%)	64(10.7%)	144(14.08%)
Bauchi	11(2.59%)	8(1.34%)	19(1.86%)
Total	425(100%)	598(100%)	1023(100%)

**Source:** Authors' Survey, 2020

From the distribution in Table 1, 123 respondents (12.02% of the respondents) comprising of 54 SME owners and 69 employees were used for the survey from FCT (Abuja). The majority (208) of the respondents representing 20.33% were from Benue State followed by Lagos with 144 respondents (14.08%). Benue State dominated the sample size due to the location of most of the research assistants that facilitated the sharing of the link for the survey. However, research assistants were selected from each of the six geo-political zones in Nigeria, viz: North-East, North-West, North-Central, South-East,

South-West, and South-South. The study is also a good representation as it covers at least each state from the six geo-political zones in the country. This includes Benue, Abuja, and Kogi from North-Central, Taraba and Bauchi from North-East; Zamfara and Kano from North-West; Lagos, Ogun and Osun from South-West; Ebonyi from South-East, and Akwa-Ibom, Cross-River and Rivers from South-South. These include most of the States that had recorded very high confirmed cases of the COVID-19. Lagos State with 20,518 confirmed cases and FCT with 5,904 confirmed cases as of 17<sup>th</sup> October 2020 (Nigeria Centre for Disease Control, 2020) were also captured in the study as noted earlier.

The study used a random sampling technique. It was used to avoid bias and to ensure that the views of both SME owners and employees have an equal chance of being selected. Primary data were utilized for the study and were collected with the use of an internet-based (online) structured questionnaire. The internet-based (online) structured questionnaire was used as an instrument for the study. The instrument was validated using the Cronbach Alpha coefficient. The instrument was administered on five media sites to collect the data required for the analysis. The media sites include Facebook, WhatsApp, Email, Research gate, and LinkedIn. The distribution of the sites or channels used in accessing the survey is presented in Table 2.

**Table 2: Media Sites used for the Survey**

<b>Media Sites</b>	<b>SME Owners</b>	<b>Employees</b>	<b>Total</b>
Facebook	155(36.47%)	210(35.12%)	365(35.68%)
WhatsApp	62(14.59%)	90(15.05%)	152(14.86%)
Email	143(33.65%)	209(34.95%)	352(34.41%)
Research Gate	54(12.71%)	74(12.37%)	128(12.51%)
LinkedIn	11(2.59%)	15(2.51%)	26(2.54%)
<b>Total</b>	<b>425(100%)</b>	<b>598(100%)</b>	<b>1023(100%)</b>

**Source:** Authors' Survey, 2020

The result from Table 2 shows that most of the responses were collected from Facebook (35.68%) and E-mail (34.41%). LinkedIn recorded the least responses which are due largely to the few numbers of users as compared to other media sites. The data were collected through "Google Forms". Questionnaires were designed using "Google Forms" and a link was sent or provided to the respondents for filling the questionnaires and responses were downloaded and extracted for the data analysis. The data required for the study are data on the location of the respondents, gender, nature of employment offered to employees before and during the COVID-19 pandemic, the type of social security offered to employees, the coping strategies adopted during the COVID-19 pandemic, the government support or stimulus packages to cushion the effect of COVID-19 pandemic, the age distribution, the social media sites or channels used in accessing the survey, the income distribution of the SME owners before and during the pandemic, and the workforce of the SMEs before and during the COVID-19 pandemic. The study also obtained data on the number of permanent workers before and during the COVID-19 pandemic.

### **3.2 Method of Data Analysis**

The study utilized descriptive statistics such as frequencies, percentages, means, and standard deviations while a Paired t-test was also used for testing hypotheses and drawing of statistical inferences. STATA 15 software package was employed for the analysis of the data collected.

## **4. Results and Discussion of Findings**

The empirical results on the demographic characteristics, the effect of the COVID-19 pandemic on social security in Nigeria, and the government support schemes to cushion the effect of the Covid-19 pandemic in Nigeria are presented as follows.

### **4.1 Demographic Characteristics of the Respondents**

The study examined the age distribution and gender of the SME owners and employees. The result of age and gender distribution of the respondents are presented in Table 3 and Table 4 respectively.

**Table 3: Age Distribution of the Respondents**

<b>Age</b>	<b>SME Owners</b>	<b>Employees</b>	<b>Total</b>
18 to 30 Years	168(39.53%)	249(41.64%)	417(40.76%)
31 to 40 Years	179(42.12%)	236(39.46%)	415(40.57%)
41 to 50 Years	34(8%)	46(7.69%)	80(7.82%)
51 to 60 Years	22(5.18%)	34(5.69%)	56(5.47%)
61 to 70 Years	11(2.59%)	16(2.68%)	27(2.64%)
Above 70 Years	11(2.59%)	17(2.84%)	28(2.74%)
Total	425(100%)	598(100%)	1023(100%)

**Source:** Authors' Survey, 2020

The result from Table 3 shows that most (40.76%) of the respondents were between the age bracket of 18years and 30years and the second category (40.57%) were between the age bracket of 31years and 40 years. In terms of SME owners, most (42.12%) of the respondents were between the age bracket of 31years and 40 years. This implies that most of the SME owners in Nigeria are in their middle ages. Concerning employees, most (41.64%) of the employees were between 18years and 30years. This implies that most of the responses were collected from youth who also have access to media sites used for this study.

**Table 4: Gender Distribution of the Respondents**

<b>Gender</b>	<b>SME Owners</b>	<b>Employees</b>	<b>Total</b>
Male	320(75.29%)	470(78.6%)	790(77.22%)
Female	65(15.29%)	95(15.89%)	160(15.64%)
Prefer not to say	40(9.41%)	33(5.52%)	73(7.14%)
Total	425(100%)	598(100%)	1023(100%)

**Source:** Authors' Survey, 2020



The result from Table 4 reveals that the majority (77.22%) of the respondents are male. The female category constitutes only 15.64% while 7.14% of the respondents preferred not to say. The results further reveal that the male category dominated the SME owners and employees. Therefore, the study infers that over 90% of the respondents are within the active labour force range.

#### **4.2 Effect of Covid-19 Pandemic on Social Security in Nigeria**

The study assessed the effect of the COVID-19 pandemic on the social security indicators. These include the monthly expenditure on the welfare of workers, the nature of employment before and during the COVID-19 pandemic, the type of social security mostly offered to employees in the phase of the COVID-19 pandemic, the coping strategies adopted by SMEs and employees during the COVID-19 pandemic, and the government support or stimulus package(s) to cushion the effect of the COVID-19 pandemic in Nigeria. The result of the monthly expenditure on the welfare of workers by SME owners in Nigeria is presented in Table 5.

**Table 5: Monthly Expenditure on Welfare of Workers by SMEs**

Monthly Expenditure	Before COVID-19 Pandemic		During COVID-19 Pandemic	
	Frequency	Percentage	Frequency	Percentage
Below ₦1,000	0	0	10	2.35
₦1,000- <del>₦</del> 10,000	100	23.53	103	24.24
₦11,000- <del>₦</del> 50,000	47	11.06	168	39.53
₦51,000- <del>₦</del> 100,000	27	6.35	49	11.53
₦110,000- <del>₦</del> 500,000	181	42.59	64	15.06
₦501,000- ₦1,000,000	42	9.88	20	4.71
₦1,001,000- ₦5,000,000	17	4	11	2.59
₦5,001,000- ₦10,000,000	11	2.59	0	0
<b>Total</b>	<b>425</b>	<b>100</b>	<b>425</b>	<b>100</b>
<b>Means</b>	<b>₦428,178.6</b>		<b>₦ 161,279.8</b>	
<b>Mean Difference</b>			<b>₦266,898.8</b>	
<b>t-test statistic(Prob.)</b>			<b>8.099(0.0000)</b>	

**Source:** Authors' Survey, 2020

The Result from Table 5 shows that before the COVID-19 pandemic, most (42.59%) of the SME owners were using between ₦110, 000 and ₦500, 000 for the welfare of workers. However, during the COVID-19 pandemic, the monthly expenditure on the welfare of workers dropped with most (39.53%) of the SME owners spending between ₦11, 000 and ₦50, 000. The paired t-test statistic result showed an average

monthly expenditure of ₦428, 178.60, and ₦161, 279.80 by SME owners before and during the COVID-19 pandemic respectively. The result revealed a t-test statistics value of 8.099 and a probability value of 0.0000<0.05. The null hypothesis is that the mean difference between the average monthly expenditure before and during the COVID-19 pandemic is zero while the alternative hypothesis is that the mean difference is not equal to zero. The alternative hypothesis is further categorized into three, viz: the mean difference is less than zero (Ha: mean (diff) < 0), the mean difference is not equal to zero (Ha: mean (diff)≠ 0), and the mean difference is greater than zero (Ha: mean(diff)>0). In rejecting a null hypothesis, at least, two of the alternative hypotheses must be considered. From the results in Table 5, the t-test value of 8.099 is statistically significant at 5% level of significance (p =0.0000<0.05). This implies that the mean difference between the average monthly expenditure before and during the COVID-19 pandemic is statistically different from zero. This means that there is a significant drop in the monthly expenditure of SME owners on the welfare of workers during the pandemic. This may be attributed to the reduction in the workforce of most of the SMEs in Nigeria.

The results of the nature of employment offered by SMEs are presented in Table 6. This contains the number of workers before the COVID-19 pandemic and during the COVID-19 pandemic, and the number of permanent workers before the COVID-19 pandemic and during the COVID-19 pandemic.

**Table 6: Nature of Employment Offered by SMEs**

<b>Number of Workers</b>	<b>Workers Before COVID-19</b>	<b>Workers During COVID-19</b>	<b>Permanent Workers Before COVID-19</b>	<b>Permanent Workers During COVID-19</b>
None	2(0.47%)	2(0.47%)	33(7.76%)	33(7.76%)
1-5	9(2.12%)	338(79.53%)	250(58.82%)	309(72.71%)
6-10	262(61.65%)	70(16.47%)	55(12.94%)	52 (12.24%)
11-25	111(26.12%)	15(3.53%)	58(13.65%)	29(6.82%)
26-50	41(9.65%)	425(100%)	29(6.82%)	2(0.47%)
<b>Total</b>	<b>425(100%)</b>	<b>425(100%)</b>	<b>425(100%)</b>	<b>425(100%)</b>
<b>Means</b>	<b>13.78353≈14</b>	<b>3.924706≈4</b>	<b>6.832941≈7</b>	<b>3.4≈3</b>
<b>Mean Difference</b>		<b>9.858824≈10</b>		<b>3.432941=3</b>
<b>t-test statistic(Prob.)</b>		<b>19.7269(0.000)</b>		<b>13.3914(0.000)</b>

Source: Authors’ Survey, 2020

The results from Table 6 show that before the COVID-19 pandemic, the majority (61.65%) of the SMEs had a workforce between 6 and 10 workers followed by a workforce between 11 and 25 workers with 26.12% of the respondents. However, due to the COVID-19 pandemic, most of the employees were laid-off and the majority (79.53%) of SME had between 1 and 5 workers only. The result of the paired t-test shows an average workforce of 14 workers before the COVID-19 pandemic with a mean difference of 10 workers. The

result further showed the t-test statistic value of 19.7269 with a probability value of  $0.0000 < 0.05$ . This implies that there was a significant reduction in the workers terminated due to the COVID-19 pandemic. The implication is that most of the workers terminated due to the COVID-19 pandemic lacked social security in their jobs and hence, an unprecedented effect on their livelihoods. The study also assessed the difference in the number of permanent workers employed by SMEs in Nigeria before and during the COVID-19 pandemic. The results show average permanent workers of 9 persons before the COVID-19 pandemic and average permanent workers of 3 persons during the COVID-19 pandemic with a mean difference of 3 workers. This study found a t-test statistic value of 13.3914 with a probability value of  $0.0000 < 0.05$ . This implies that there were significantly fewer workers employed as permanent staff during the COVID-19 pandemic. This further shows the social insecurity among employees working under SMEs in Nigeria.

The result of the types of social security benefits mostly offered to employees was also examined using both SME owners' responses and employees' responses during the COVID-19 pandemic and the results are presented in Table 7.

**Table 7: Types of Social Security Offered to Employees during the COVID-19 Pandemic**

SME Owners' Responses			Employees' Responses		
Type of Social Security Offered	Frequency	Percent	Type of Social Security Offered	Frequency	Percent
Retirement benefits	33	7.76	Retirement benefits	32	5.35
Disability benefits	18	4.24	Disability benefits	0	0
Benefits during pandemics	23	5.41	Benefits from pandemic	76	12.71
Supplemental benefits	86	20.24	Supplemental Benefits	0	0
Others	23	5.41	Others	30	5.02
None	242	56.94	None	460	76.92
<b>Total</b>	<b>425</b>	<b>100</b>	<b>Total</b>	<b>598</b>	<b>100</b>

**Source:** Authors' Survey, 2020

The results from Table 7 show that the majority (76.92%) of the employees had no social security during the COVID-19 pandemic based on the employees' responses while SME owners confirmed that the majority (56.94%) of the employees in Nigeria had no social security. The study also shows that 12.71% of the employees had benefits during the pandemic while 5.35% had retirement benefits mostly. These responses are similar to that of SME owners as only 5.41% benefits for employees during the COVID pandemic while 7.76% had retirement benefits. The SME owners confirmed indicated the availability of supplemental benefits for employees. The results indicated no supplemental benefits and

disability benefits based on employees' responses. Other social benefits constituted only 5.02% and 5.41% of the respondents for employees' responses and SME owners' responses. The implication is that most of the employees in Nigeria lack adequate social security.

The study also presented the coping strategies adopted during the COVID-19 pandemic by both the SME owners and employees to cushion the effect of the pandemic in Nigeria. The distribution of the coping strategies during the COVID-19 pandemic is presented in Table 8.

**Table 8: Coping Strategies by SME Owners and Employees**

Coping Strategies by SME Owners			Coping Strategies by Employees		
Possible Strategies	Frequency	Percent	Possible Strategies	Frequency	Percent
Reduction in the amount paid	33	7.76	Creating alternative sources of income	196	32.78
Reduction of employees	75	17.65	Request from relatives	75	12.54
Increase in the pandemic benefits	9	2.12	Farming	95	15.89
No payment completely	77	18.12	Trading	45	7.53
Others	65	15.29	Others	32	5.35
None	166	39.06	None	155	25.92

**Source:** Authors' Survey, 2020

Results from Table 8 show that most (32.78%) of the employees created alternative sources of income during the COVID-19 pandemic. Other coping strategies adopted by employees include farming, trading, and request from relatives. However, 25.92% of the respondents had no alternative source of income during the COVID-19 pandemic. This has severe economic consequences such as economic hardship due to the social insecurity of the employees generally and particularly in the phase of COVID-19 pandemic. On the side of the SME owners, most (39.06%) of them offered no possible coping strategy. 17.65% of the SME owners reduced the number of employees while 18.2% of the SME owners stopped payment of their staff completely. Only 2.12% of the SME owner had a possible

strategy in enhancing social security by increasing the pandemic benefits. The general implication is that there is a very low level of social security among workers in Nigeria.

The study further examined the possible strategies adopted by SMEs to specifically improve the level or capacity of social security among workers and the results are presented in Table 9.

**Table 9: Possible Strategies adopted by SMEs to Improve Social Security among Workers**

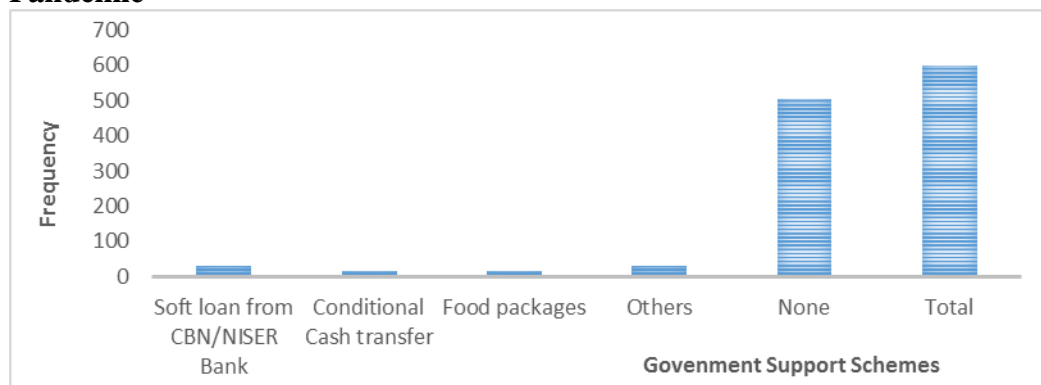
Possible Strategies	Frequency	Percent
Continuous payment even without work	23	5.41
Creating a scheme for welfare	107	25.18
Supporting workers to join contributory pension schemes	11	2.59
Increase in stimulus packages	9	2.12
Soft loans from the enterprise	45	10.59
None	230	54.11
<b>Total</b>	<b>425</b>	<b>100</b>

**Source:** Authors’ Survey, 2020

The result from Table 9 shows that the majority (54.11%) of the SMEs adopted no possible strategy to improve the social security of the workers. Only a few (25.18%) of the SMEs created a scheme for welfare. Other strategies employed by SMEs include granting of soft loans, increase n stimulus packages, continuous payment even without work, and supporting workers to join contributory pension schemes.

The study also assessed the government support or stimulus packages during the COVID-19 pandemic. The results are presented in Figure 1.

**Figure 1: Government Support or Stimulus Packages during the COVID-19 Pandemic**



**Source:** Authors’ Survey, 2020

Results from Figure 1 show that the majority (85.44%) of the employees had no support from the government during the study period. This is similar to that of Yemisi

(2020) who found that there is an inability of the Nigerian government to design sustainable social protection policies prior to the pandemic and that has led to the complexities of challenges faced in the engineering of social protection in the COVID-19 period. Only very few (14.56%) of the respondents had support from the Nigerian government in terms of soft loans from CBN/NISER Bank, Conditional cash transfer, food packages/palliatives, and other support schemes. This shows that there is very little government support in cushioning the effect of the COVID-19 pandemic in Nigeria. Hence, it has worsened the social security of workers or employees in the phase of this pandemic. This means that supporting employees and SMEs during this COVID-19 pandemic would help in recovering the lost percentage of employment in the country, create more opportunities for the teeming youth, and improving the social security of employees. Consequently, this would contribute to the growth of the economy in different ways and opportunities.

## **5. Conclusion and Policy Recommendations**

Even though, an economy cannot solve all the challenges that social security faces, it is a very important piece of any plan to secure it for the generation to come. The study infers that social security in Nigeria is largely lacking among workers or employees and the situation worsened in the phase of the COVID-19 pandemic. Hence, the study concludes that the pandemic has negatively affected the social security of the workers in the country. Given the above, the study suggests the following policy recommendations.

- i. The Nigerian government should fully implement the support schemes formulated to cushion the effect of the COVID-19 pandemic. These include household consumption loans (soft interest loans), the SMEs payroll support, the Nigeria Youth Investment Fund, the Agri-Business/Small and Medium Enterprise Investment Scheme, among others. This would help in cushioning the effect of COVID-19 in Nigeria given the gross lack of social security in the country. The study further suggests grants for those who have lost employment in the course of this pandemic and improvement in the household consumption loan to smoothen the consumption pattern during the COVID-19 pandemic. This will serve as temporary support for the poor and the employees that are affected by the COVID-19 pandemic.
- ii. The Nigerian government should also set up a social trust fund from which the benefits can be explored during a pandemic or sudden economic hardships. Just like other developed countries, this would assist not just in the times of pandemic but also a social security cover for the general populace during economic hardships.
- iii. Given the establishment of the social trust fund, the Nigerian government should pass a Social Security Act to back up the establishment of the social security fund that would generate funds for any economic hardships or pandemics. This would increase the benefits and prompt response during this period of pandemic and other pandemics in the future. This can be funded through the income from payroll taxes and other trusts. The study also suggests trusts under the social security umbrella such as the Old-Age and Survivors Insurance (OASI) Trust Fund (retirement benefits) for all categories of workers in Nigeria (whether private or public) and the Disability Insurance Trust Fund.

- iv. The Nigerian government should also improve on the conditional cash transfers that would cushion the effect of the COVID-19 pandemic. This can be done in three ways. This includes expanding coverage, increasing benefits, and making administrative requirements simpler and more user-friendly.

#### Conflict of Interest

The authors declare that they have no conflict of interest.

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