



Mechanisms for Resolving the Impact of Corona Virus (Covid-19) and Other Factors Affecting Small and Medium Scale Enterprises (SMES) In Nigeria

Aderonke E. Adegbite PhD*

Ebiere, I.D. Ebiolade**

Abstract

SMEs serve as the bane for economic participation in any society. Although SMEs are often faced with challenges, events in the past few years especially due to the covid 19 pandemic has redefined the world of entrepreneurs involved in small scale businesses. It is trite that there are multitudes of provisions that protect citizens from economic emergencies, however it is doubtful whether such are concise enough to specify structures that cater for SMEs especially in times of emergencies. To aid stakeholders, this paper presents the Nigerian legal frameworks that are available to resolve issues associated with SME's grievances and incidental disputes. These include policies, laws and judicial systems for cushioning the effect of the pandemic and other factors on business owners.

Keywords: Covid 19, SMEs, Grievance Resolution Mechanisms, Law, Nigeria

1. Background

Various challenges occurred due to the COVID-19 Pandemic, which put the Nigeria economy under unprecedented strain. Thus, economic activities, business activities, projects, targets and investment made by SMEs were practically slowed down.¹The impact on SMEs is trite because the outbreak equally affected all facets of life such as: education, social activities, political, governance, and economic dealings. Most business transaction since the outbreak of the infection recorded low sales whereby most SMEs reported decline or collapse in the source of income².For example, FATE Foundation and BudgIT(2020) studied the impact of COVID-19 on 1,943 Micro, Small, and Medium Enterprises (MSMEs) across the 36 states in Nigeria including the FCT.³The result revealed that 94.3% of respondent businesses recorded negative results during the pandemic principally in the areas of cash flow, sales, and revenue. Also, according to the African Development Bank(2020) , the real GDP in Africa will reduce by 1.7 percent in 2020, contracting by 5.6 percentage points from January 2020 pre-COVID–19 predictions.⁴ This

* **Aderonke E. Adegbite PhD** Department of Private and Business Law. Lead City University Ibadan Nigeria deronkeadegbite@gmail.com 08034432735

** **Ebiere, I.D. Ebiolade** Department of Private and Business Law, Faculty of Law Lead City University Ibadan Nigeria

¹ Yusuff Jelili Amuda, Prince Sultan University, 'Impact Of Coronavirus On Small And Medium Enterprises (SMEs): Towards Postcovid-19 Economic Recovery In Nigeria' (2020)(19)(6) Academy Of Strategic Management Journal <https://dj.univ-danubius.ro/index.php/AUDOE/article/view/268/593> accessed 31 March 2021

² Ibid

³ Oyewale A,Ogunniyi, Olagunju A. et al(2020)Estimating the Impact of COVID-19 on Small and Medium Scale Enterprise: Evidence from Nigeria at www.uneca.org retrieved December 6, 2021

⁴ Ibid

vulnerability with regard to business transactions especially by SMEs persists despite the fact that, priority has been given to protection of life and health conditions of the citizens.⁵ This negative situation is also partly due to high compliance with public health measures, as traders had virtually zero revenue during a lockdown. After reopening, sales rebounded more than employments, although neither returned to pre-pandemic levels. Instead, traders reported low sales, lack of cash on hand, and challenges with sourcing as significant problems facing their business. Businesses were shutting down as a result of the unavailability of raw materials for production. Manufacturing industries were closed down and this in turn increased the price of the product thereby ensuring inflation.⁶

Since the pandemic affected (SMEs) through mediums of lockdown and shutdown of business transactions, traders increased alternative means of transactions and few changed their line of business at the time. There was widespread interest in e-commerce as this period recorded high rate of sales and deliveries done via internet.⁷ However using a multivariate probit (MVP) Oyewale, A.(2020),⁸ presented other factors that influence the coping strategies adopted by the entrepreneurs in Nigeria to cushion the effect of COVID-19. It is discovered that increase in the age of the entrepreneurs would likely reduce the probability of using online sales. Several studies⁹ (Ogunniyi et al., 2018; Olagunju et al., 2019) have also suggested that old age affects technology adoption, especially in developing countries. Also that formal education plays important role in the choice of coping strategies, especially in both agriculture and non-agricultural sectors.¹⁰ In addition, according to the World Bank 2021, the COVID-19 crisis continues to disrupt Nigeria's labor market. The WB projected that, the modest projected recovery is still threatened by volatility in the oil sector, and weaknesses in the financial sector. That even in the most favourable global context, the policy response of authorities will be crucial to laying the foundation for a robust recovery. Meanwhile, the centre for financial inclusion summarised Covid 19 related issues on Nigerian SME's as follows. That;

⁵ Ibid

⁶ Yusuff Jelili Amuda, Prince Sultan University, 'Impact Of Coronavirus On Small And Medium Enterprises (Smes): Towards Postcovid-19 Economic Recovery In Nigeria' (2020)(19)(6) Academy Of Strategic Management Journal <https://dj.univ-danubius.ro/index.php/AUODOE/article/view/268/593> accessed 31 March (op cit is most preferable here citing the appropriate page of the earlier cited article at footnote 1)

⁷ Ibid

⁸ Ogunniyi, A., Oluseyi, O. K., Adeyemi, O., Kabir, S. K., & Philips, F. (2017). Scaling up agricultural innovation for inclusive livelihood and productivity outcomes in sub-Saharan Africa: The case of Nigeria. *African Development Review*, 29(S2), 121-134. Olagunju, K. O., Ogunniyi, A. I., Awotide, B. A., Adenuga, A. H., & Ashagidigbi, W. M. (2019). Evaluating the distributional impacts of drought-tolerant maize varieties on productivity and welfare outcomes: an instrumental variable quantile treatment effects approach. *Climate and Development*, 1-11.

⁹ Oyewale A, Ogunniyi A, Olagunju K. (2020) Estimating the Impact of COVID-19 on Small and Medium Scale Enterprise: Evidence from Nigeria at www.uneca.org retrieved December 6, 2021

¹⁰ For instance, education increase the likelihood of choosing online business among the agriculture and nonagriculture by 7.64 percentage points and 71.0 percentage points while it increases the probability of choosing customizing a new product perhaps suitable for the "new normal" by 22.9 percentage points for the no-agriculture sector but not significant for the agriculture sector. The study shows that the probability of not engaging in online business as coping strategies will 86.3 percentage points and 78.4 percentage points if the entrepreneur that had been affected slightly and severely by the COVID-19 pandemic respectively.

- a. Nigeria's economy was fragile before the pandemic began¹¹.
- b. Restrictions on movement and simultaneous declines in oil prices led to a reduction in aggregate demand and an economic contraction.
- c. The impact of this contraction on MSME owners was dramatic, making it difficult for owners to cover expenses and leading to significant layoffs.
- d. Households suffered as incomes declined — they were unable to cover expenses for household essentials and experienced dramatic food insecurity.
- e. Owners' businesses and households partially rebounded as government restrictions eased.
- f. However, these initial gains appear to be tapering off, raising the spectre of persistently lower economic performance.
- g. Business owners' financial tools have been stressed by the pandemic, hampering their ability to bootstrap recovery.
- h. They also appear to have few lifelines available to help relieve stress on their finances.
- i. Consequently, owners appear to be relying on sweat equity, price adjustments, and payment arrangements to boost revenue.
- j. It remains to be seen if international aid agreements will fill the fiscal stimulus gap, accelerate growth, and aid MSMEs' recovery.

In addition, a major impact of the pandemic on SMEs is the predictable inability of traders to meet contractual obligations which often results in them invoking force majeure clauses. In the absence of such terms, the common law doctrine of frustration is imputed or the contract is simply extinguished. The fact that the pandemic qualify as a supervening event, determining the correctness of discharging an obligation under a contract also remain at basis for judicial intervention. Thus, there is looming breach of contract litigations, post-COVID 19, for claims and damages. Litigation is hence an incidental roadblock that SMEs must contend with as an aftermath of the pandemic. In the alternative, businesses may prefer better procedures in terms of effective time and cost management in resolving such disputes.¹²

In addition to the impact of Covid 19 Pandemic, infrastructural gap in the Nigerian polity is attributed to so many other issues to be mentioned. This study identifies various challenges that confront SMEs in Nigeria and the existing procedures for resolving them. The examined report and resolution frameworks are those that provide recourse or facilitate traders' access to alternative ways of doing things. They include those that also affect e-commerce and remote sales, as well as strategies to improve supply chain failures could help address these issues.¹³

¹¹10 Things to Know About Nigerian MSMEs' Experience with COVID-19 *COVID-19 and MSMEs: Data and Analysis to Understand Impact* at www.centerforfinancialinclusion.org, Eric Noggle, August 12, 2021 retrieved December 6, 2021

¹² Brooks and Knights Legal Consultants 'Revamping the Arbitration Process in Nigeria in Ensuring Speedy Resolution of Commercial Disputes' (2020) <https://brooksandknights.com/wp-content/uploads/2020/05/Mekwunye-v.-Imoukhuede-Edited.pdf> accessed 5 April 2021

¹³Private Enterprise Development in Low Income Country((PEDL) How COVID-19 Has Affected Lagos Traders: Findings from High-Frequency Phone Surveys, www.pedl.cepr.orgC-19 Note, Published on 2 March 2021 accessed on September 17 2021

More importantly these institutions consist of regulatory, judicial and alternative dispute resolving processes that deal with incidents of SMEs obligations.¹⁴

2. Other Grievances of Nigerian Small and Medium Enterprises

In expressing grievances, Nigerians SMEs have generally complained about inadequate infrastructure, frequent criminal activities, double taxation, prominence of corruption, lack of government interest, inadequate funding, inadequate business and management skills, government bureaucracy, unfair competition, and political/religious impact including inadequate workforce, lack of will on the part of political leaders, persistent corruption in the polity, and lack of private sector capital inflow to support infrastructural development, insecurity, lack of affordable housing scheme and lack of adequate internet coverage among others.¹⁵ In fact, it is also observed that frequent power outages and exorbitant telecommunication airtime value are reasons why small businesses fail to adopt better alternatives to thrive;¹⁶

- a. **Frequent Criminal Activities:** There is a high rate of crime in Nigeria which is viewed as a by-product of the high poverty rate in the economy¹⁷. Research also revealed that small businesses are open to the risk of fraudsters due to inadequate resources, inadequate growth, inadequate financing, lack of experts managing the ventures, and insecurity e.g Boko Haram insurgency, herdsmen crisis among others.¹⁸
- b. **Double taxation:** Small businesses in Nigeria are facing the problem of double taxation which is as a result of multiple laws and regulations that are meant to streamline and harmonize taxes collected by federal, state, and local authorities.¹⁹ There is a belief that taxes and a complex tax system put disproportionate pressure on smaller businesses. Small taxpayers under the regular system of taxation are discriminated against, since the compliance requirements, cost of compliance and tax rate are the same for both small and large enterprises.²⁰ SMEs are subject to so many taxes and levies from local government to federal government. Also many agents are involved in the collection of taxes and levies including thugs.²¹ These impacts SMEs, as effort to remain relevant and successful is usually eroded due to the payment of unnecessary taxes from their hard-earned profits.
- c. **Prominence of Corruption:** The Nigerian government has established support institutions aimed at developing the small business sector. Institutions such as the Central Bank of Nigeria and SMEDAN develop programs and projects aimed at supporting the small businesses in the country. The failure of these institutions to develop small businesses has

¹⁴ Ibid

¹⁵ Ibid

¹⁶ Dotun Olaleye Faloye 'The Adoption Of E-Commerce In Small Businesses: An Empirical Evidence From Retail Sector In Nigeria' (2014) (8)(2) <<https://doi.org/10.24052/jbrmr/167>> accessed 25 March 2021

¹⁷ Ibid

¹⁸ Hess, M. F., & Cottrell Jr., J. H. 'Fraud Risk Management: A Small Business Perspective' (2016) <https://doi.org/10.1016/j.bushor.2015.09.005> accessed 25 March 2021

¹⁹ Babandi Ibrahim Gumel. 'Mitigating The Challenges Of Small And Medium Enterprises In Nigeria' (2019) (2)(3) *Seisense Journal Of Management* <<https://doi.org/10.33215/sjom.v2i3.129>> accessed 27 March 2021

²⁰ Ocheni, S.I, Gemade, T.I 'Effects Of Multiple Taxation On The Performance Of Small And Medium Scale Business Enterprises In Benue State' (2015) (5)(3) *International Journal Of Academic Research In Business And Social Sciences* <http://dx.doi.org/10.6007/ijarbss/v5-i3/1525> accessed 27 March 2021

²¹ Editorial, 'The Challenges Of SMEs In Nigeria' *The Nation Newspaper* <https://www.google.com/amp/s/thenationonlineng.net/challenges-smes-nigeria/amp/> accessed 29 March 2021

been attributed to corruption. This is notwithstanding the fact that there are other institutions aimed at checking the prominence of corruption in Nigeria.²² Corruption in the Nigerian legal and judiciary systems also hinders individuals and business operators from utilizing the entire ambience of the Nigerian public sector to protect themselves. According to reports, personnel deliberately delay judicial processes or intentionally pervert court decisions, thereby creating non-reliable systems for SMEs who tend to consider the process as wastage of time.²³

- d. Lack of Government interest:** The government remains dominant in the economic activities of the system, thereby making it difficult for the private sector to flourish including small businesses. The challenge for Nigeria's small businesses is how to develop a strong network that will launch strong advocacy enough to enable political leaders to see the reason for developing small business enterprises in the country. Such development is beyond the hand-meals approach of distributing insufficient financial palliatives to traders. Strong advocacy and collaborations among both executive and legislative bodies of the country is also necessary to propel the development of laws, regulations, programs, support initiatives that will increase the success rate of small businesses in the country.²⁴
- e. Inadequate business and management skills:** Most people go into businesses without adequate knowledge or entrepreneurial skills on how to run such business. Having formal education is one of the means through which individuals can obtain business or management skills. However, many SMEs owners lack the ability to get education in Nigeria with the majority being unable to attain the first degree. Having skilled personnel can help in assisting businesses to gain more innovative and competitive advantages.²⁵ Having a workforce that is innovative and skilled is also very crucial to small and medium business since they interact directly with the customers. Some of the demanded skills include interpersonal communication, assertive conduct, negotiation, problem-solving, and conflict resolution. Without these skills, managers and business owners can end up losing customers. Many SMEs are always facing the challenge of preventing turnover involving employees with the needed management knowledge and skills. SME owners rarely recruit highly skilled manager. The small business owners make all the decisions by themselves regardless of their management skills; they use the basic skills to manage their business. It is, however, evident that the SME managers who possess management skills always tend to be successful in their endeavors. Thus, important to note that entrepreneurs with right management skills, technical knowledge, and self-confidence are able to experience increased growth in their businesses²⁶.
- f. Inadequate funding:** A key problem in the grievance of SMEs funding. Amidst the acclaimed beneficial impacts of SMEs on economic development, entrepreneurship, and improved local technology, small business in Nigeria have shown gross underperformance due to lack of funding. The situation has affected the potential contribution of the sector to

²² Babandi Ibrahim Gumel. 'Mitigating The Challenges Of Small And Medium Enterprises In Nigeria' (2019) (2)(3) *Seisense Journal Of Management* <<https://doi.org/10.33215/sjom.v2i3.129>> accessed 27 March 2021

²³ Ibid

²⁴ Ibid

²⁵ Samuel Emezie (2017) 'Prospects and Challenges of SMEs in 21st Century Africa' accessed 29 March 2021

²⁶ Ibid

increase development and economic growth²⁷. Majority of SMEs find it difficult to access funds or capital. Most Nigerian banks don't support start-up and even existing businesses don't have the required collateral. The issue funding or finance, therefore, is a major challenge for SMEs in Nigeria. The various governments have helped a lot in addressing this issue. Some of the measures include various grants by Federal Government, low interest loan from Bank of Industry (BOI) and Bank of Agriculture (BOA), CBN SMEs Initiatives through the banks. Lagos State is also trying through the Lagos State Entrepreneurial Trust Fund (LETF)²⁸.

- g. Government Bureaucracy:** Another challenge faced by SMEs is bureaucratic bottle neck of various government agencies like CAC, NAFDAC, and Custom etc. for instance getting NAFDAC approval for food item or drug can take years. In most cases individuals spend 5 times the official price to facilitate the approval²⁹.
- h. Unfair Competition:** Most SMEs in Nigeria cannot compete with items or products from other countries especially China and other Asian tigers. The government has also not helped in this area because of dumping of fake and sub-standard goods and smuggling activities in the country. When combined with high cost of production in the country, locally made goods can hardly compete in the area of pricing³⁰.

3. Laws that address SMEs Grievances in Nigeria

A grievance (from Latin *gravis* 'heavy') is a wrong or hardship suffered, real or supposed, which forms legitimate grounds of complaint.³¹ In this regard, a complaint system which can also be a conflict management system consists of set of procedures used in organizations to address complaints or resolve disputes. In every society, business activities depend on the functioning of the legal system to regulate interactions between business entities and the environment³². Thus, business activities, ranging from negotiations and agreement, promises and fulfilment, require a functional legal system which therefore acts as an umpire to ensure fairness and legalities in these activities.

The Nigerian legal system operates as an aspect of the governance that provides the laws that govern the operations of business activities, such as the SMEs. The system includes laws and their penalties and protections, Tribunals, Courts, Task Forces and several other frameworks that cover issues on SMEs. More importantly, the newly assented CAMA, 2020, is a progressive development in the Nigerian commercial legal framework towards an easy way of doing business by small and medium enterprises and other investments in the country.³³ The Act provides in Part A and B for registration of all SMEs in Nigeria before they can carry out their businesses and established the Corporate Affairs Commission (CAC) with the responsibility of registering and

²⁷ Ibid

²⁸ Editorial, 'The Challenges Of SMEs In Nigeria' *The Nation Newspaper* <https://www.google.com/amp/s/thenationonline.net/challenges-smes-nigeria/amp/> accessed 29 March 2021

²⁹ Ibid

³⁰ Ibid

³¹ "Definition of 'grievance'": *Collins English Dictionary*. Retrieved 21 January 2019

³² Daniel E. And Others 'Operations of Small and Medium Enterprises and The Legal System in Nigeria' (2020) <<https://doi.org/10.1057/s41599-020-00583-y>> accessed 21 March 2021

³³ Ibid

regulating companies, business names as stated under section 7 of the Act with the capability to directly probe into the affairs of SMEs especially where the investment of the populace is at stake³⁴. The essence of the Act therefore is to reserve data and regulate the population for all SMEs in Nigeria. Section 851(1) of the CAMA 2020 establishes the Administrative Proceedings Committee to be referred to as 'the Administrative Committee'. Subsection (4) of the Act empowers the Committee to provide parties alleged to have contravened the provisions of CAMA or its regulations the opportunity of being heard; resolve disputes or grievances arising from the operations of CAMA or its regulations; and impose administrative penalties for contravention of the provisions of the Act³⁵. A review of the sections of CAMA especially Section 851, on the powers of "the Committee" however should not be extended to suggest that the Committee can adjudicate on all types of contraventions and disputes covered by CAMA³⁶ as covered by Federal High Courts.³⁷ Therefore, there is the need for clarifications within of the Nigerian judicial network, to enable SMEs speedy recovery from economic shocks.³⁸

Another fundamental law regulating to SMEs' operation in Nigeria is the Investment and Securities Act, 2007. The Act establishes the Investment and Securities Tribunal as a special court to handle matters related to capital market and securities and also to determine any question of law or disputes on capital markets. But lack of sufficient funds has been the major challenge of the tribunal to discharge its duties to aid SMEs operations through speedy resolution of commercial disputes. The Act also establishes the Securities and Exchange Commission (SEC) as a statutory body regulating the SMEs whose shares are listed in the Nigerian Capital Market³⁹. Sections 54–59 of the Act provide for compulsory registration of securities and investments of SMEs that are registered as public companies⁴⁰. It regulates their investments, securities commodity exchanges and offer of securities by SMEs to safeguard investors' interest. The Act empowers the SEC to sanction any SMEs that is engaging in any illegal capital market operations and freezing their assets or bank accounts for violation of the Act. It can also disqualify unfit persons from being employed in the security industry, in order to enhance the confidence of investors in SMEs operations in the Nigerian economy⁴¹. In accordance, the Financial Reporting Council Act, No. 6, 2011 has created the Financial Reporting Council to enact and issue accounting reporting standards for SMEs. It also encourages strict adherence by all SMEs in the formulation of their financial statements to uphold transparency, credibility and reliability of their financial reports, to promote corporate disclosure by SMEs⁴².

³⁴ Ibid

³⁵ Isaac Ibikunle 'Dispute Resolution And Penalty Regime Under CAMA 2020' (2020) <http://www.financialnigeria.com/dispute-resolution-and-penalty-regime-under-cama-2020-blog-577.html> accessed 4 April 2021

³⁶ Ibid

³⁷ Section 851 (10)(C) Companies and Allied Matters Act 2020

³⁸ Daniel E. And Others 'Operations of Small and Medium Enterprises and The Legal System in Nigeria' (2020) <<https://doi.org/10.1057/s41599-020-00583-y>> accessed 21 March 2021

³⁹ Ibid

⁴⁰ SMEs can be public company in as much as they meet the requirement under the law.

⁴¹ Section 8 ISA (complete name of legislation required with year and CAP if in the LFN, example Investment and Securities Act, (Year of Legislation, CAP as provided under the LFN)

⁴² Ibid

The Central Bank of Nigeria was instituted by the Central Bank Act, 1958 and the Bank and Other Financial Institution Act (BOFIA) Cap B3 LFN 2004 as newly re-enacted as BOFIA 2020, to regulate and make the Nigerian banking sector accessible to SMEs for loans and other facilities to boost their operations. The CBN is the apex bank in Nigeria with the power to issue and revoke banking licenses of SMEs who engage in the fraudulent banking practices or business. The consent of the Governor of Central Bank is required for restructuring, merger and re-organization of SMEs in the banking business in Nigeria as stated in the Act to prevent frauds and to promote transparency and accountability in the sector⁴³. Another overseeing body is the Standard Organization of Nigeria (SON) Act, Cap. S.9, LFN 2004. The role of the organisation is to standardize methods and products manufactured, imported and exported by SMEs in Nigeria. Its purpose is also to monitor and enhance quality products circulated in the Nigerian economy, and to eliminate counterfeit products by SMEs in Nigeria, this is to enhance healthy competition among SMEs to yield good returns on investments⁴⁴.

Furthermore, the Factories Act Cap. F1, Laws of the Federation of Nigeria, 2004 require registration of factories by SMEs under PART 1 of the Act and sections 7 to 12 provide for cleanliness, overcrowding, ventilation, lighting and healthy factories with sanitary conveniences. It requires fencing of factories and prohibits overcrowding in SMEs factories to reduce fatalities or accidents among SMEs' factories workers to enhance good returns on investment by SMEs operations reporting standards for SMEs. It also encourages strict adherence by all SMEs in the formulation of their financial statements to uphold transparency, credibility and reliability of their financial reports, to promote corporate disclosure by SMEs. Moreover, to protect investors by ensuring good corporate governance practice that will safeguard all stakeholders' interest in their operations⁴⁵.

In addition, the Ministry of Mines and Steel Development issue mining licenses, execute policies and laws regulating to prospecting, excavating and mining of solid minerals in Nigeria to SMEs. Through its division, the Nigerian Geological Survey Agency is in charge of geological mapping and assessment of minerals with the aim of offering data on solid minerals for SMEs investment decisions and to promote economic stability⁴⁶.

4. Dispute Resolution Mechanism for SMEs in Nigeria.

Disputes are bound to arise in business relationships and commercial transactions. These disputes can be resolved amicably through alternative dispute resolution or civil action in a law court (litigation). Managing disputes is an essential area of decision making for managers⁴⁷. How a commercial dispute is resolved could affect the profit, growth and reputation of that business.

The Companies and Allied Matter Act 2020 (CAMA) introduced two new dispute resolution innovations. The first is the power given to the Corporate Affairs Commission (CAC) to

⁴³Section 7 BOFIA(complete name of legislation required with year and CAP if in the LFN)

⁴⁴ Section 5 SON Act(complete name of legislation required with year and CAP if in the LFN)

⁴⁵ Factories Act 2004

⁴⁶ Daniel E. Ufua and others 'Operations of small and medium enterprises and the legal system in Nigeria' <<https://doi.org/10.1057/s41599-020-00583-y>> accessed 27 march 2021

⁴⁷ Kenna and Associates 'Dispute Handling & Litigation Management in Nigeria'(2007) <https://smetoolkit.ng/articles/29dispute-handling-litigation-management-in-nigeria> accessed 5 April 2021

establish an Administrative Proceedings Committee .The second is the Acts legal recognition of the discretionary powers of a court to impose fines.⁴⁸

Section 851(4)⁴⁹ empowers the Committee to provide parties alleged to have contravened the provisions of CAMA or its regulations the opportunity of being heard; resolve disputes or grievances arising from the operations of CAMA or its regulations; and impose administrative penalties for contravention of the provisions of the Act⁵⁰. In addition to the power to impose administrative penalties, Section 851(10)⁵¹ empowers the Committee to suspend or revoke a company's registration and recommend the culpable party for criminal prosecution. The decision of the Committee becomes effective when confirmed by the Board of CAC. A party who is dissatisfied with the decision may appeal to the Federal High Court (FHC)⁵². Certain sections in CAMA provide that an offender is liable on conviction to a fine of which the amount will be determined by the court. These sections include 672 (3) and 677 (Penal Provisions), which relate to offences connected with winding up process. Such discretionary power given to the courts arguably leaves corporate bodies and individuals at the mercy of the courts. The provisions of section 8 of the CAMA 2020, gives supervisory functions to the Commission.

The Federal High Court of Nigeria in accordance with the provision of section 251(1) (e) of the 1999 Constitution of the Federal Republic of Nigeria, as amended, has original jurisdiction in civil matters arising from the operation of SMEs. The court can dissolve any SMEs and may declare the dissolution of SMEs void and may disqualify a person from being a director or taking part in the management of SMEs for a fixed period up to 10 years as provided in sections 280 CAMA. SMEs are also allowed to resolve their commercial disputes through alternative disputes resolutions mechanisms which are cheaper in contrast to protracted litigation which is expensive⁵³. Judges are therefore key players in the Nigerian legal system, who make decisions and dispense justice on economic issues involving SMEs operations. Equally important are the lawmakers and law officers in the Attorney General's office who are charged with legal duties that will enhance the efficiency of SMEs through the enactment of business-friendly laws and policies; the Attorney General is the legal adviser to the government. Similarly, the Director of Public Prosecutions is to support the Attorney General's office in the prosecution of criminal cases against SMEs and their directors in the event of the commission of frauds by lifting the

⁴⁸ Isaac Ibikunle 'Dispute Resolution And Penalty Regime Under CAMA 2020' (2020) <http://www.financialnigeria.com/dispute-resolution-and-penalty-regime-under-cama-2020-blog-577.html> accessed 4 April 2021

⁴⁹ **CAMA 2020 (Companies and Allied Matters Act, 2020 CAP..... ,CAP as contained in the LFN should be stated)**

⁵⁰ Isaac Ibikunle 'Dispute Resolution And Penalty Regime Under CAMA 2020' (2020) <http://www.financialnigeria.com/dispute-resolution-and-penalty-regime-under-cama-2020-blog-577.html> accessed 4 April 2021

⁵¹ CAMA 2020

⁵² Isaac Ibikunle 'Dispute Resolution And Penalty Regime Under CAMA 2020' (2020) <http://www.financialnigeria.com/dispute-resolution-and-penalty-regime-under-cama-2020-blog-577.html> accessed 4 April 2021

⁵³ Daniel E. And Others 'Operations of Small and Medium Enterprises and The Legal System in Nigeria' (2020) <<https://doi.org/10.1057/s41599-020-00583-Y>> Accessed 21 March 2021

veils of incorporation in other to promote accountability and transparency in Nigeria's economy.⁵⁴

Tax dispute are conflict or controversies between taxpayers and tax authorities on the interpretation and application of tax law. Tax dispute usually arise when taxpayers and tax authorities disagree on the administration of tax laws usually with respect to tax assessments and liability⁵⁵. The tax dispute resolution process starts the moment a taxpayer objects to the assessment. The process kicks off when the tax authority considers the objections raised by a taxpayer and works towards amending, its position. The tax authority would usually call for tax audit reconciliation (TARC) meeting to facilitate speedy resolution of dispute⁵⁶. Once the taxpayer receives the tax authority's decision, the taxpayer again has two choices, to either accept the tax authority decision or appeal it. Hence, tax dispute in SMEs can be resolved if such dispute arises from the tax assessment.

The basis for advocating arbitration as a mechanism for resolution of commercial disputes in Nigeria among others are; expeditious hearing of commercial disputes; relatively economical mechanism for disposal of commercial disputes; a relatively informal resolution tool to mitigate disputes; reduction of caseload in court; reduction of public expenditures; provision of a more accessible platform for settlement of local commercial disputes; enhances local and international confidence in Nigeria's justice delivery system; and will increase trust levels in Nigeria's commercial spaces⁵⁷. Issues are better clarified where parties to a dispute have an agreement that such dispute will be resolved by arbitration (popularly known as the Avery Clause). The parties must therefore refer the matter to arbitration and not to any other forum⁵⁸. The Lagos State Government established the Citizen's Mediation Centre under the auspices of the Directorate for Citizen's Rights a department in the Lagos State Ministry of Justice. Arbitration practice has been established by Order 5 Rule 8 of the High Court of Lagos State Civil Procedure Rules, 2019; Order 19 Rules 1-14 of the High Court of the Federal Capital Territory, Abuja Civil Procedures Rules, 2004; Order 25 Rule 1 (2) (c) and Rule 3 (k) High Court of Rivers State Civil Procedure Rules, 2010 and Order 19 High Court of Kano State Civil Procedure Rules, 1988 (Edict). These jurisdictions amended their rules of court to accommodate alternative disputes resolutions mechanisms for accelerated hearing of commercial disputes and for amicable settlement of disputes in their jurisdictions. Many Arbitration bodies and institutions now exist to settle international commercial disputes such as; the International Chambers of Commerce, Regional Centre for International Commercial Arbitration.

Finally, the Lagos Chamber of Commerce International Arbitration Centre (LACIAC), is an independent full-service alternative dispute resolution center, affiliated with the Lagos Chamber of Commerce and Industry. LACIAC focuses on the provision of tailored dispute management

⁵⁴ Daniel E. And Others 'Operations of Small and Medium Enterprises and the Legal System in Nigeria' (2020) <<https://doi.org/10.1057/s41599-020-00583-y>> accessed 21 March 2021

⁵⁵ Ololade Ademoroti 'Dispute Resolution Update' (2020) <https://www.laciac.org/files/Dispute%20Resolution%Update.pdf> accessed 5 April 2021

⁵⁶ *ibid*

⁵⁷ Olusola Joshua Olujobi and other 'Commercial Dispute Resolution: Has Arbitration Transformed Nigeria's Legal Landscape' (2018)(9)(1) Journal of Advanced Research in Law and Economics <https://doi.org/10.14505/jarle> accessed 5 April 2021

⁵⁸ Arbitration and Conciliation Act 2003.

solutions, assisting businesses not only in the resolution but in the management of disputes⁵⁹. The LACIAC Rules of Arbitration 2016 has been purposely drafted to provide users with the most up to date provisions in international arbitration and mediation with an overriding objective aimed at guaranteeing a level playing field⁶⁰. Article1 of the LACIAC Rules of Arbitration 2016 provides the overriding objectives; Ensuring that the disputes are dealt with expeditiously and fairly, dealing with disputes in ways which are proportionate. As party's intention to resolve their dispute under the LACIAC Rules, parties must agree to be guided by the above stated overriding objective⁶¹.

5. Conclusion and Recommendations

This research highlighted grievances of SMEs and also the provisions of laws and policies that handle that part. This research further explains the available dispute resolution mechanism available for SMEs in the Nigeria. These dispute resolution mechanisms are to cater for the needs of the SMEs and especially resolve disputes that are bound to arise in the course of business interactions. A key part of this research, can only highlight the relevance of laws at this time and how incoherence and weaknesses in legal processes can frustrate SMEs recovery from the impact of Covid 19 and other issues. Recommendations are that as regards weak enforcement of the legal system, the Nigeria government needs to draft adequate regulations. At this time, the public should be aware of government's standards and forms of support. Also all supportive activities no matter how divergent should be coordinated to allow a concise framework. This means that administrative committee and procedures especially as indulged under CAMA do not overreach or contradict the constitutional jurisdictions of courts. There should also not be so much bottle necks such that it becomes impossible for businesses to navigate these protections. Finally, while litigation remains the traditional system for dispute resolution, existing quasi judicial system should become more functional. Traders should also be more encouraged to include Alternative Dispute Resolution Clauses their contractual agreement. Without excusing the lapses in existing judicial procedures, SMEs should embrace the use of ADR to ensure speedy resolution of dispute and to maintain economic value of their money. For the main time, Nigerian commercial laws one-commerce are still unclear and generally uncodified. It is therefore pertinent to improve regulations and policies enough to protect internet transactions and equally afford palliatives that allow older traders and entrepreneurs that are not formally educated, profitable access to the internet.

⁵⁹ 'Lagos Chamber Of Commerce International Arbitration Centre' <https://www.laciac.org/> accessed 4 April 2021

⁶⁰ *ibid*

⁶¹ LACIAC Rules of Arbitration 2016 Article1(3)