*International Journal of Operational Research in Management, Social Sciences & Education* | IJORMSSE
*p-ISSN: 2536-6521 | e-ISSN: 2536-653X*
*Volume 6 Number 1 April, 2020*

# Assessment of Collective Bargaining as a Mechanism for Minimum Wage Negotiation in Nigeria in 2019

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**Abstract**

Minimum wage determination is one of the most contentious issues in industrial relations, and it is often negotiated through the mechanism of collective bargaining. The paper examines the role of collective bargaining in the negotiations for minimum wage in 2019. It relies on secondary sources of data collection and adopts Pluralist Theory as a theoretical framework. The paper establishes that a fair wage structure contributes to workers' motivation and induces higher productivity. It however, notes that a realistic minimum wage must reflect the socio-economic realities, especially the cost of living indices in a country. The paper observes that this has not been the case since 1981 when the first minimum wage law was enacted in Nigeria. In response to persistent agitations for a cost of living-reflective minimum wage by the organised labour, it observes that the Buhari administration adopted a new minimum wage of N30,000.00 in 2019. The paper, examines some challenges and implications associated with the implementation of the new minimum wage and notes that without a commensurate productivity by the worker, as well as fiscal prudence by the government, the N30,000.00 new minimum wage may likely face the challenge of financial sustainability. It, therefore, recommends that the Federal Government should look beyond mere monetary adjustments in the salary structure, and focus more on other substantive economic and social reforms to promote industrial harmony in the country. The paper concludes that greater emphasis on capital expenditure, rather than personnel costs, will assist in promoting the goal of the economic recovery and growth plan of the Buhari administration.

**Keywords*:*** *Labour, Industrial Relations, Collective Bargaining, Minimum Wage*

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## Background to the Study

The minimum wage represents the lowest level of remuneration permitted, in law or fact, irrespective of the qualification of the worker. The minimum wage is usually backed by law, which is enforceable under threat of penal or other appropriate sanctions. In 1981, the Nigerian Labour Congress organized a strike to demand for a minimum wage for workers in the country. This led to the enactment of a national minimum wage of N125.00 by the Shagari administration(Osuji,1983).The Principal National Minimum Wage Act 1981, sections 1 and 3 equally provides that it shall be the duty of every employer of labour to pay a wage not less than the national minimum wage per month to every worker under his employ, clear of all deductions (except any deductions required by law or deductions in respect of contributions to provident or pension funds or schemes agreed to by the workers). The Act goes further to make null and void any agreement for the payment of wages less than the national minimum wage National Minimum Wage Act, of 1981 (Official Gazette, 1981, A53-57).

For the first time, the federal government also proclaimed 1st of May every year as Workers Day in the country. The N125.00 minimum wage was revised after 10 years in 1990 to N250 per month. The Adam Oshiomole led NLC also pressed and successfully negotiated for an enhanced minimum wage with the Abdulsalam administration. However, the burden of implementation fell on the lap of the Obasanjo administration, and it cited limited budgetary capacity for its inability to pay the already agreed minimum wage. A major issue of disagreements between the federal government and labour had always centered around incessant hike in the prices of petroleum products, among others (Okolie, 2010). Consequently, in 2000, the Obasanjo administration revised the minimum wage from N3000.00 to N7,500.00 following the recommendations of the Philip Asiodu Committee (Obasanjo, 2014: 484 ). In 2011, the Jonathan administration also yielded to the persistent agitations by the NLC for a new minimum wage. Following the recommendations of Justice Alfa Belgore led Tripartite Committee on National Minimum Wage, President Jonathan signed a new Minimum Wage Bill into law on February 23, 2011, which effected an increase in the minimum wage from N7, 500.00 to N18,000.00.

## Objective/Structure

The objective of the paper is to examine the process of negotiations for a new national minimum wage, and the implications of the consequential salary adjustments in 2019, under the Buhari administration. The paper is divided into five sections. Section one is the introduction, and it includes objective/structure, methodology, literature review and theoretical framework. Section two examines the concept of collective bargaining and its challenges. Section three deals with the process and challenges encountered by the tripartite committee in the negotiations for a new minimum wage its and consequential adjustments. Section four analyses the social and economic implications of the 2019 new minimum wage structure. Section five makes recommendations and concludes.

## Methodology

The paper relies mainly on secondary sources of data collection. The sources consulted include relevant academic and research materials, journals, newspapers, archival materials, workshop and seminar papers, Internet sources, including official publications from relevant government ministries and agencies. Data from the National Salaries, Incomes and Wages National Commission (NSIWC), Bureau of Statistics'(NBS), the National Institute of Social and Economic Research (NISER), National Employment Consultative Association (NECA) the Nigeria Labour Congress (NLC), the Trade Union Congress (TUC), the International Labour Organisation (ILO), among others, were also helpful resource materials for the paper.

## Literature Review

Under Article 98 of the International Labour Organisation (ILO) Convention, collective bargaining is the hallmark of industrial relations. Ojeifo and Omoakhanlen J. (2010: 199) traced the evolution of trade unions to the colonial era, and attributed the success of the 1945 general strike, and the protests against the death of 21 coal miners in 1949, despite the divisive intrigues of the colonial authorities, to the resilience of pioneer labour leaders such as Michael Imodu and T.A. Bankole. According to Dunlop (1958: 13), the purpose of industrial relations is the determination of how industrial conflicts are analysed and resolved. To Dunlop, industrial relations is a network of rules that govern the relationship of the participants in the system. Flander (1965) defined industrial relations as a system of rules and job regulations, both procedural and substantive. These rules, he posits, establish ''rights and obligations'', which together define status. To Richardson, the purpose of collective bargaining is the determination of working conditions between the parties in industry, especially between the employer and the employees (https://doi.org/10.5465/amr, 01/10/1978, accessed on 29/10/2019).

For Richardson, this concern covers aspects of employment relating to hiring and firing of workers, fringe benefits determination, training, among others. Margerison (1969), laid emphasis on the behavioral approach to industrial relations recognizes it is a complex field of study whose manifest purpose is the analysis of the emergence of conflicts in the work place. His work, therefore, focused more on the consequences of industrial disputes rather than their causes, hence his emphasis on the causal nexus in understanding industrial relations.

## Theoretical Framework

The major theories of industrial relations include the Unitary, Marxist and Pluralist perspectives (Fajana, 2000, Okene, 2007).The Unitary Theory emphasizes cooperation between the employer and employee because they have the same interests, and share the same values and goals. Conflict is distasteful to this perspective; instead the focus is on consensus. The Unitarists see trade unions as outside force that compete for the employer's loyalty, and whose stock in trade is to stoke conflict between the employer and employee. The Marxist perspective speaks to the inevitability of clash of interest between the employer and the employees. To the Marxists, the employer tries to maximise profit by paying the workers pittance as wages, while striving to have monopoly in his industry in order to control price, or greater market share. On the other hand, workers believe they are the most significant part of the production chain, and always seek to have greater share of the profit as wages, through trade unionism. From the Marxist perspective, the inevitable outcome of this conflict is a worker revolution, where workers take control of companies and eliminate the capitalists (Omole,1999).

The Pluralist theory admits conflict of interest between the employer and the employee, but unlike the Marxists, the conflicts of interests are not irreconcilable because they are not too deep, or sharp. The pluralists also see the employment relationships as a mixture of shared interest and conflict of interest that are largely limited to the work place. Within the industry, pluralists champion voice mechanisms such as workers' councils and labour unions, collective bargaining and labour management partnership (Akanbi, 2001).To the Pluralists, rather than resort to violence, they rely on negotiations as tools for reaching a middle ground, in which flexibility and shifting of grounds on both sides are important(Allen, 1980). Rather than being perceived as conflicting, the paper sees the various perspectives as an angle of industrial relations. However, for the purposes of this paper, the Pluralist theory has been adopted because it focuses on collective bargaining and consensus building among the major stake-holders in industrial relations.

**The Process and Challenges of Negotiations for the 2019 Minimum Wage and Consequential Salary Adjustments**

The last holistic wage review took place in 2011 in Nigeria and since 2016, the NLC began to agitate for a new national minimum wage. The central labour body predicated its demand on the rising cost of living in Nigeria, principally caused by the massive depreciation in the value of naira. Indeed, there is a strong justification in the demand by the NLC for a wage review because when N18,000.00 was fixed as the national minimum wage in 2011, it was equivalent in real value to US$110. However in 2018, when the agitations for wage increase reached its height, it was less than US$50. Like every employer of labour, the Federal Government could not have warmed up to the idea of wage increase, given its impact on its total wage bill of the public sector, in an economy that barely came out of recession in the last quarter of 2017, and recorded a paltry growth rate of 1,94 percent in the first quarter of 2019 (https://tradingeconomics.com, accessed on 12/11/2019).

Nevertheless, in exercise of its right to strike, the NLC issued an ultimatum to the Federal Government over its failure to increase the national minimum wage to N60,000.00. In order to avert a strike, the Federal Government entered into negotiations with labour. Conscious of the impending 2019 general elections, the All Progressives Congress (APC) led federal government was determined to prevent a deadlock in its negotiations with labour because of its grave electoral implications for President Buhari who was seeking a second term in office. Although the Federal Government had initially agreed to pay N27,000.00 as the new minimum wage, which was higher than the proposal by the Nigeria Governors Forum (NGF), the Buhari administration eventually conceded to the demand of the NLC for an upward adjustment. Subsequently, President Buhari signed a New Minimum Wage Act on 18 April, 2019 (*Punch*, April 19, 2019).

There are several implications of the N30,000.00 minimum wage for the Nigerian economy, and they include the following:

**(i) Challenges of Minimum Wage Negotiations**

The Buhari administration did not take the decision to enact a minimum wage of N30,000.00 into law without taking into account some critical issues. Some of these issues considered include the effect of an enhanced minimum wage on the productivity of the workers, relative cost of living index from one state to the other, the ability of the employers of labour to pay, as well as the relationship between the demand and supply of labour in the economy. This latter issue had often been used across states to justify wage discrimination between highly skilled, but scarce professional workers, and the other categories of workers. Obasanjo (2014: 483) once identified poor wage structure in Nigeria as one major factor that has contributed to the rising incidence of brain drain in the country. On account of poor salary and working conditions, he argued that Nigerian trained professionals, especially medical doctors always preferred to migrate to other countries where their services were in high demand, were better remunerated. The consequence for Nigeria is the continuous drift among Nigerian professionals for greener pasture abroad.

Yet, setting and adjusting the level of minimum age is perhaps the most challenging part of wage negotiations. It must not be set too low, or too high. Therefore, an evidence based approach, which on one hand, takes into account the needs of workers and their families and, on the other, vital economic indicators, has become the most effective negotiating strategy. Thus, an appropriate balance or blend between these two sets of considerations is essential to ensuring that minimum wages are adapted to the national context. At the inauguration of the Bismack Rewane Presidential Technical Advisory Committee on the New Minimum Wage, President Buhari alluded to this fact when he said:

> *We must therefore look at ways of implementing these consequential wage adjustments in a manner that does not have adverse effects on our national development plans, as laid out in the Economic Recovery and Growth Plan (EGRP). The EGRP sets appropriate targets of capital expenditure, public debt, inflation, employment, etc (Punch, March 25,2019)*

Based on the prevailing economic realities in Nigeria, it is one thing to approve a new minimum wage structure; it is another thing for the government to have the capacity to implement it. This is already evident because as at January 2020 only twenty-one states had concluded negotiations with labour (https://thenationonlineng.net/minimumwage,01/01/2020, retrieved on 12/03/2020) on the consequential adjustments with the organised labour. Even worse, with the outbreak of COVID-19 and its adverse implications on the global economy, including Nigeria's largely vulnerable economy, the fiscal sustainability of virtually all the states in the county has now become more precarious, in the face of a sharp fall in the price of crude oil, far below the $57.00

approved benchmark for the 2019 budget. President Buhari was perhaps being proactive when he set up the Bismack Rewane Committee to examine the implications of the N30,000.00 minimum Wage on a national and inter-governmental basis. In order to keep the 2020 on track, the Federal Government had to approach the International Monetary Fund, World Bank and the African Development Bank for concessionary loans of $3.4 billion, $2.5 billion and $1 billon, respectively, which sums up to $6.9 billon (*Punch*, April 7, 2020).

**(ii) Bismack Rewane Committee on the Implementation of the New Minimum Wage**

The Technical Advisory Committee on the Implementation of the National Minimum Wage, headed by Bismarck Rewane was inaugurated by President Buhari on January 9, 2019. The mandate of the committee was to advise the Federal Government on how best to fund additional costs of implementing the imminent increase in the National Minimum Wage. President Buhari was categorical that the committee should carry out its assignment in a manner that the new minimum wage would not have inflationary impact or lead to job losses. Conscious of the implications of the committee's assignment at the state level, President Buhari acknowledged thus:

> *...It is important to explain that even though the subject of a National Minimum Wage is in the Exclusive Legislative List, we have been meeting with the State Governors because it is imperative that the Federal Government carries the State Governments along in determining any upward review of the minimum wages for workers*(*Punch*, March 25,2019).

A major highlight of Bismack Rewane Committee Report is that an increase in minimum wage should be linked to workers productivity, which, in turn, leads to higher revenue to the government. The committee also recommended increase in the percentage of Value Added Tax (VAT), which had already been incorporated in the 2019 budget.

**(iii) Challenges of the Negotiations for Consequential Salary Adjustments**

Another logical implication of the N30,000.00 new minimum wage was the negotiations for the consequential adjustment in order to restore relativity for all cadres, without distorting the old salary structure. Labour made a demand for 29 percent salary increase for officers on salary grade levels 07 to 14 and 24 percent adjustment for officers on salary grade levels 15-17 while the Federal Government presented to labour a proposal of 11 percent salary increase for officers on grade level 07 to 14 and 6.5 percent adjustment for workers on grade levels 15 to 17. The NLC and the Trade Union Congress wanted the full implementation of the N30,000.00 new minimum wage and its consequential adjustments. In order to reconcile their conflicting positions, the Federal Government also inaugurated the Relativity and Consequential Adjustment Committee, which in turn, set up a technical sub-committee to work a template for the adjustments of salaries of public service employees. These facts weighed heavily during the negotiations for the differentials, or what was popularly described as consequential adjustments after the Federal Government began the implementation of N30,000.00 minimum wage in April

2019. The Federal Government was determined to reach an agreement with the labour in order to avert a nation-wide action because NLC and TUC had already issued a strike notice on Friday October 11, 2019, which was slated to commence on Wednesday 16th October. But, the United Labour Congress (ULC) disassociated its members from the proposed strike, and described the strike as "dead on arrival". ULC president, Joe Ajaero, criticised the non-inclusion of ULC from the negotiations, having been part of the 16 man technical committee that gave birth to the Tripartite Committee on the Review of the National Minimum Wage (https://www,pulse.ng, 15/10/2019, accessed on 10/11,2019). Distrust between labour and government over the total number of workers in public sector, both at the federal and state level, had always hampered negotiations between the government and the organised labour. The NLC and TUC often accused the government of inflating the number of the workers in the public service.

It is difficult to fault the labour on this premise because of the phenomenon of ghost workers, including the issue of pension scheme that is laden with corrupt practices in which ineligible and dead people were included as staff/beneficiaries. The Obasanjo administration sought to curb this practice with the introduction of a three-pronged Integrated Pay Roll and Personnel Information System (IPPIS), Contributory Pension Scheme, and Monetisation Policy. IPPIS' objective, for example, is "to pay accurately and on time within statutory and contractual regulations.' The Buhari administration is currently embroiled in an industrial dispute with the Academic Staff Union of Universities (ASUU) over the decision of the Federal Government to include university lecturers within IPPIS. Significantly, At a Conference on "Sustainable Economic Management in a Recession: Issues, Strategies and Options", the Accountant General of the Federation (AGF) once revealed that the Federal Government had saved "over N120 billion cumulatively" with the implementation of IPPIS (*Premium Times*, October 10, 2017).

Another major challenge of the 2019 minimum wage adjustment is how the Federal Government would handle the different clusters of salary structures in Nigeria. They were put in place since 2007, and in operation till date. Some of these structures are the Consolidated Top Federal Public Office Holders Salary Structure(CONTOPSAL), Consolidated Research and Allied Institutions Salary Structure(CONRAISS), Consolidated Tertiary Institutions Salary Structure(CONTISSII),Consolidated University Academic Salary Structure(CONUASS), Consolidated Medical Salary Structure, and Consolidated Health Salary Structure (CONMESS) and Consolidated Judicial Salary Structure (CONJUSS) (http://www.nsiwc.gov.ng/Historical-Perspective.php).

**Breakdown of the Agreed Consequential Salary Adjustments**

After three days of intensive negotiations, the Joint National Public Service Negotiating Council JNPSNC) agreed to the following percentage increase for the different categories thus: The CONPSS salary structure of 07 was adjusted to 23.2 percent, level 08 got 20 percent, level 09 19 percent, level 10 to 14 was pegged at 16 percent, while those on level 15-17 was adjusted to 14 percent. Those on CONHESS, CONRAISS, CONNRISS II, CONRIASSII, CONMESS, CONTEDDIS and CONPACASS on level 07 to equivalent got 23.2 percent, grade level 08-14/equivalent received 16 percent while level 15-17 was fixed at 10.5 percent. The agreement also affected the third category of the Nigeria's wage structure-the military and para-military, but the approved increase was not made public in view of its security and strategic implications (*Daily Trust*, October 18, 2019). The agreement came 182 days after President Buhari signed the new minimum wage into law on April 18, 2019. In the 2020 budget, the Federal Government also made provision for a non-debt recurrent expenditure of N3.6 trillion for personnel and pension cost, an increase N620.28 over the 2019 fiscal year figure (*Punch*, October 14 and 22, 2019).

**Social and Economic Implications of the 2019 Minimum Wage and Consequential Salary Adjustments**

There are several socio-economic, and indeed, political implications of the 2019 minimum wage and consequential salary adjustments. They include the following:

**(iv) Implications for the Sub-National Governments**

Following the successful conclusion of negotiations between the Federal Government and labour on the consequential salary adjustments, states were expected to key into the approved federal template, with minimal adjustments. But the initial huddle was that the N30,000 agreed to by the Federal Government was higher than the figures earlier proposed by the states, acting under aegis of the Nigeria Governors Forum (NGF). Many states such as Kogi and Ekiti States already had issues with backlog of salary and pension arrears at the old minimum wage of N18,000.00. The fiscal reality is Nigeria currently that, with the exceptions of Lagos, Akwa Ibom and Rivers States, most states have very weak internally generated revenue base. This is the basis of their insistence that the minimum wage of N30,000.00was meant to apply to the most vulnerable segment of the workers. BudgIT, a civic group committed to government financial transparency, in a report titled "State of the States 2019", stated that many states in Nigeria cannot survive without monthly allocations from the Federation Account. The report states:

> *When we look at the index, we can see that those states that can meet their expenditure only with IGR are only three states out of 36...What this means is that if there were to be oil price fluctuations and production from the centre were to reduced, then many states would be in jeopardy... Nigeria needs to create incentives for states to expand growth and earning potential, thereby activating resources needed to improve the state of health, education, and access to opportunity* (https://thecable.ng, 24/10/2019, accessed on 12/11/2019).

The chairman of NGF, Kayode Fayemi, Governor of Ekiti State also recognised this fact when he argued: "the fact that we moved people who are below N30,000 to N30,000 and where they should be on the scale, should not automatically mean that we must increase the salaries of people at level 17, who are on N400,00.00. It is a minimum wage law; it is not a general wage law"(*The Nation*, October 8, 2019). It is a fact that not all the states in Nigeria are financially solvent to pay the minimum wage without retrenching workers. Currently, all the 36 state governments are groaning under the burden of the monthly deductions of N252 million from their statutory allocations. The amount represents the repayment for the budget support facility, otherwise known as bail-out fund, which the Federal Government granted to the states to pay outstanding salary arrears of their workers. Finance Minister, Zainab Ahmed, also hinted of a proposal by the states for a reduction of the monthly deductions to N162 million (*Punch* October 31, 2019) The outbreak of COVID-19 in 2020 has made granting of moratorium of loan repayment to states, in order to ease their burden, inevitable.

Indeed, before the enactment of the N30,000.00 national minimum wage, some states were paying higher than the former minimum wage of N18,000.00. Edo and Akwa Ibom States were paying 25,000.00. Given their relatively better fiscal positions, Lagos and Rivers states can also pay above the minimum wage. Already, Kaduna State Government had already effected 60 percent salary increase to all grade levels from 07 to 14(*The Nation*, October 6, 2019). The import of this is that the minimum wage is a guide, while states with financial muscle can pay higher than the minimum. This is not peculiar to Nigeria, as in the United States more affluent states like Washington and California pay more than Pennsylvania and Texas. In 2018, in the United States for example, 9 states: Alaska, Florida, Minnesota, Missouri, Montana, New Jersey, Ohio and South Dakota raised their wage rates based on cost of living. But for different reasons of "previously approved legislations or ballot initiatives", eleven other states: Arizona, California, Colorado, Hawai, Maine, Michigan, New York, Rhode Island, Vermont and Washington, effected a new minimum wage (https://paycor.com, July 1, 2019, accessed on 18/11/2019). The U.S. example has implications for Nigeria where the 36 states in the federation are by the Minimum Wage Act 2019 obliged to pay N30,000.00 regardless of their different socio-economic circumstances. Of more significance is whether it is appropriate for the federal government in a federation to enact, by legislative fiat, a minimum wage to all states, without regard to the objective realities of each state.

**(v) Fiscal Implications to the Government**

In 2011 when the minimum wage was increased from N7,500.00 to N18,000.00, the Central Bank of Nigeria (CBN) records showed that the personnel cost of government rose to N1.85 trillion, an increase of 18.5%, amounting to 52% of FG retained revenue. The CBN also projected that consequent to the N30,000.00 minimum wage, personnel cost would increase to N2.29 trillion(cseafrica.org, 08/04/2019, accessed on 13/11/2019). Not surprisingly, after the enactment of the new minimum wage, the Federal Government submitted a supplementary budget proposal to the National Assembly to cover the wage increment, effective from April, 2019, when the minimum wage became effective. This, according to Ben Akabueze, Director General, Budget Office, was in addition to N40 billion naira already provided in the 2018 budget, under the heading "public service wage adjustments"(http://theeagleonline.com, accessed on 20/11/2019). More than the federal government, the states currently face more fiscal constraints. If any tier of government had to resort to borrowing in order to pay salaries, it raised issues around the sustainability of the wage structure, as well as justification for the high wage burden of the public sector.

Significantly, the Bismarck Rewane Committee saw the Value Added Tax (VAT) as a low hanging fruit that the government could easily pluck because it would free the average workers from additional burden of taxation. In 2017 and 2018, at the rate of 5%, VAT generated revenue of N972.3 billion and N1.1 trillion respectively, to the Federal Government. With the increase in VAT in 2020, it was expected that the three tiers of government would be able to generate additional revenue to fund the new minimum wage, and its consequential salary adjustments. But whether the additional revenue accruable from VAT would be adequate to remains a challenge. Yet, issues bordering on lack of fairness and equity have been raised in the sharing of VAT proceeds whereby states that contribute little or nothing get more due to an unjust VAT allocation formulae. According to a former Finance Minister, Kemi Adeosun, ''Lagos State alone generates 55 percent of VAT revenue, Federal Capital Territory 20 percent, while the remaining 35 states of the federation contributes only 25 percent. But the allocation formulae of VAT revenue is currently skewed against Lagos State. In February 2017, for example, Lagos State received N6.14 billion, while Kaduna State, with a paltry 1 percent contribution to VAT, got N4.23 billion (*Punch*, August 21, 2017). This remains a sticky issue for harmonious inter-governmental relations.

**(vi) Possible Inflationary Impact on the Economy**

The N30,000.00 minimum wage increase, on the face value, or monetary terms, represents 66.6 percent of the old minimum wage of N18,000.00. But in real terms, it does not translate into a commensurate increase in the purchasing power of Nigerian workers due to the depreciation in the value of naira, hike in the price of petroleum products, high tariff on essential utilities like electricity, and general increase in price of goods and services. Using 2011 when N18,000.00 was approved as a baseline, the real value of the current N30,000.00 minimum wage is actually far less than N18,000.00 that was approved in 2011, when the exchange rate of the naira to the dollar was about N158.00. In 2011, N18,000.00 was equivalent to $120.00 while in 2019 N30,000.00 exchanged for $83.00. With the impact of COVID-19 on the price of crude oil, Nigeria's main foreign exchange earner, the Naira is currently suffering further depreciation. Inexorably, the inflationary impact of a minimum wage, induced by cost-push variables is a major reason why it has to be adjusted from time to time in order to flatten the poverty curve and reduce the misery index in the country. Commenting on the possible inflationary effect of a new minimum wage in Nigeria, The *Economist* of London wrote: ''the new minimum wage risks stoking inflation, which is currently above the central bank's single digit target, thereby creating a new headache for the bank as it defends the currency hit by lower oil prices''(quoted fromhttps://africasacountry.com,15/12/2018, accessed on 26/12/2019).

**(vii) Implications on Employment**

Previous World Bank studies, using empirical evidence as a guide, have suggested that employment effects of an increase in minimum wage ''are often significant and negative''(cseafrica.org, 08/04/2019, accessed on 13/11/2019). This is particularly true of the informal/private sector which is a large segment of the labour market in Nigeria. Small business enterprises that lack the capacity to absorb the wage increase in their personnel costs often react by downsizing their workforce. A survey carried out by NBS after the 2011 minimum wage increase revealed that Nigeria recorded job losses of about 1.43 million people during the period. It is likely that the full implementation of the 2019 minimum wage structure may create similar trend, especially among private sector workers whose employers are not restrained by political considerations, geo-political, or ethno-religious balancing.

**Recommendations and Conclusion**

Against the background of the findings above, the paper make the following recommendations. First, the Federal Government should pay more attention to how to improve the productivity of workers in order to justify the salaries and wages they earn. The old practice of treating employment in the public sector as a social service is no longer tenable. Instead, there should be more focus on input and output ratio in collective bargaining, as it is practiced in the private sector. The diminished works ethics in the public service is a major reason why the civil service that ought to be the heartbeat and engine room of Nigeria's development, is in its present state of near paralysis. Increased productivity of workers can only be achieved if the problems of poor works ethics and corruption, especially among the top echelons of the public service, are addressed. Beyond civil service reforms at the structural and institutional level, as important as they are, closer attention should be paid to the substantive and normative issue of value/ ethical re-orientation in the public service.

In addition, the governments, at all levels, should take concrete steps to increase their revenue base and reduce expenditure profile. Reflationary measures are key to stimulating an economy that just came out of recession. Therefore, beyond the increase in VAT rates, the Federal Government should focus more on how to widen the tax net. The huge leakages in tax proceeds caused by weak machinery for tax assessment and collection should be plugged. In other climes, the bulk of government expenditure is financed through taxation, and not through accumulation of domestic and foreign debts as it is currently in Nigeria. Already, the 2020 budget has an inbuilt deficit of N2.18 trillion, representing 21.10 percent of the projected expenditure of N10.33 trillion (2020 Budget Address, *Punch*, October 14, 2019). This deficit budgeting clearly has serious implications for capital projects financing that have more potentials than recurrent spending to stimulate economic activities in the country.

The most realistic, and perhaps popular strategic response that the Federal Government should consider is how to review and streamline the wages and allowances being paid to political office holders, and high wages being earned by workers in certain government agencies such as the NNPC and FIRS, in line with available resources. Recently, Senegal and Italy took steps to reduce the cost of governance. While Senegal abolished the second legislative house, Italy reduced the number of the parliamentary seats in the country by more than one third to save £1billion in a decade (www.wsj.com, 08/10/2019, accessed on 12/11/2019). It is encouraging that President Buhari had already taken some cost saving measures such as restrictions on the frequency of foreign trips by Federal

Government officials, size of the delegation, class of air travels and duration of travels. Indeed, given the dramatic economic impact of COVID-19 in Nigeria, the Buhari administration is left with no alternative other than to limit its expenditures to critical and vital national survival needs.

In a more fundamental sense, beyond incessant agitations for wage increase, the organised labour should lend its weight to the popular clamour for restructuring of the country. The envisaged conversation should center around the philosophical and normative issues of good governance, such the imperative for an ideal federal structure, the elimination of an unwieldy state bureaucracy, the eradication of corruption in the public sector, as well as the promotion of ethics of corporate governance in the private sector. While an adequate wage or reward system remains a very important means of attracting and retaining workers, the organised labour must also recognise that, beyond uniting to fight for the interest of only their members, it also has a greater responsibility towards overall national development of the country. The present poor state of the Nigerian economy dictates that a more productive synergy between the government and labour is essential to promote industrial harmony, in line with the slogan of the labour movement: ''an injury to one is an injury to all''.

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