



The Role of Government as Regulator, Employer, and Arbitrator in Nigeria's Industrial Relations System and its Impact on Employee Performance

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Abstract

The government occupies a central position in Nigeria's industrial relations system, performing the interconnected roles of regulator, employer, and arbitrator, all of which significantly influence employee performance, labour stability, and organisational productivity. This study critically examines how these governmental roles shape industrial relations outcomes within the Nigerian public and private sectors. As a regulator, the government establishes legal and institutional frameworks that guide labour relations, employee rights, workplace discipline, and performance standards. As an employer, particularly in the public sector, it directly influences employee performance through recruitment practices, remuneration policies, training, and performance management systems. As an arbitrator, it intervenes in industrial disputes to ensure workplace harmony and continuity of delivery service. The study adopts a qualitative and analytical approach based on secondary sources, including textbooks, journal articles, labour reports, and policy documents. Findings reveal that while government intervention contributes to industrial stability and can enhance employee performance when effectively implemented, inconsistencies in policy execution, political interference, weak enforcement mechanisms, and bureaucratic inefficiencies often undermine performance outcomes. The study concludes that strengthening institutional capacity, ensuring policy consistency, and improving labour governance frameworks are essential for enhancing employee performance and productivity in Nigeria's industrial relations system.

Keywords: *Industrial relations, Government regulation, Employee performance, Labour arbitration, Public sector employment, Productivity*

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Background to the Study

Industrial relations in Nigeria are characterized by a tripartite relationship involving government, employers, and employees, with the government occupying a uniquely dominant position. Unlike in purely market-driven labour systems, the Nigerian government functions simultaneously as a rule-maker, employer, and dispute resolver, thereby shaping the structure and outcomes of labour relations. This multifunctional role makes government intervention a defining feature of industrial relations practice in Nigeria. In contemporary labour literature, the state is seen as an indispensable actor in regulating labour markets, ensuring fair employment practices, and promoting industrial peace (ILO, 2023). However, scholars also argue that excessive or inconsistent state intervention can distort labour relations, weaken institutional autonomy, and negatively affect employee performance (Otobo, 2020). In Nigeria, these tensions are particularly visible due to the government's extensive involvement in wage determination, employment regulation, and dispute resolution.

As a regulator, the Nigerian government establishes the legal framework governing labour relations, including the Labour Act, trade union regulations, and workplace safety standards. As an employer, particularly through the public service, it determines employment conditions, recruitment processes, wage structures, and performance management systems that directly influence employee motivation and productivity. As an arbitrator, government institutions such as the National Industrial Court and the Ministry of Labour intervene in disputes between labour and management to ensure industrial harmony. Despite these structured roles, Nigeria's industrial relations system continues to face challenges such as policy inconsistency, weak enforcement of labour laws, bureaucratic inefficiency, and political interference. These challenges often translate into low employee morale, reduced productivity, and recurring industrial disputes across sectors.

Objectives of the Study

The objective of this study is to examine the role of government in Nigeria's industrial relations system and its impact on employee performance.

Literature Review

Government in Industrial Relations

Industrial relations literature consistently identifies the government as a central institutional actor responsible for regulating labour markets, maintaining employment standards, and ensuring industrial peace. In classical and contemporary industrial relations theory, the state is not a passive observer but an active participant in shaping labour relations outcomes through legislation, enforcement, and mediation mechanisms (Fashoyin, 2018). From a developmental perspective, government intervention is justified by the need to correct labour market imperfections, reduce inequality, and protect vulnerable categories of workers who may otherwise be disadvantaged in unregulated labour markets. According to Aiyede (2021), state involvement in labour relations in developing economies like Nigeria is particularly necessary due to weak institutional capacities, uneven bargaining power between employers and employees, and the dominance of the informal sector.

Similarly, Otobo (2020) argues that the Nigerian state functions as both a regulator of labour relations and a dominant economic actor, especially through its extensive role in public sector employment. This dual role makes government intervention both inevitable and complex, as it must balance efficiency, equity, and industrial peace. In industrial relations scholarship, the role of government is typically categorized into three interrelated dimensions:

- a) Regulatory role
- b) Employer role
- c) Arbitration role

These roles are not mutually exclusive; rather, they overlap and reinforce one another in shaping employment relations, labour stability, and ultimately employee performance outcomes in both public and private sectors. The International Labour Organization (ILO, 2023) emphasizes that effective labour governance depends on the coherence and consistency of these three roles within a well-structured institutional framework. However, the effectiveness of these roles depends largely on institutional strength, political will, and administrative capacity, which remain uneven in many developing economies, including Nigeria.

Government as Regulator in Industrial Relations

The regulatory function of government in industrial relations involves the formulation, implementation, and enforcement of laws, policies, and institutional frameworks that govern employment relations. This includes wage determination policies, occupational health and safety standards, trade union regulation, working conditions, and dispute resolution systems. Wade and Forsyth (2014) emphasize that regulatory frameworks are essential for maintaining fairness in labour markets, preventing exploitation, and ensuring that employment relations are guided by the rule of law rather than arbitrary managerial or political decisions. In this sense, regulation serves as a stabilizing force in industrial relations systems.

In Nigeria, the regulatory framework is anchored on key legal instruments such as the Labour Act, Trade Unions Act, Pension Reform Act, and various public service rules. These instruments are designed to protect workers' rights, regulate employer conduct, and provide structured mechanisms for resolving labour disputes. However, empirical literature consistently highlights a gap between formal regulation and actual enforcement. Aiyede (2021) observes that while Nigeria possesses relatively comprehensive labour laws, their implementation is weakened by institutional inefficiency, corruption, and weak monitoring mechanisms. This enforcement gap significantly undermines compliance, thereby affecting workplace discipline, productivity, and employee morale.

Similarly, Ndukwe (2018) argues that weak regulatory enforcement reduces the credibility of labour institutions and creates a situation where both public and private sector employers selectively comply with labour standards. This selective compliance weakens employee trust in the system and negatively affects performance outcomes. Furthermore, contemporary studies note that globalization and economic liberalization have increased labour flexibility, often weakening state regulatory control and contributing to the rise of precarious employment and

informal work arrangements (Webster, Lambert, & Bezuidenhout, 2020). These developments further complicate the regulatory role of government in Nigeria's industrial relations system.

Government as Employer and Its Influence on Employee Performance

As the largest employer in Nigeria, particularly through the federal, state, and local government structures—the state plays a decisive role in shaping employee performance and organizational productivity. This employer role is exercised through recruitment policies, wage structures, promotion systems, training programs, and performance appraisal mechanisms. According to Ijewereme (2023), employee performance in the public sector is strongly influenced by the effectiveness of human resource management practices, particularly fairness in recruitment, adequacy of remuneration, and access to continuous training and capacity development. Where these systems are weak or politicized, employee motivation and productivity tend to decline.

Olowu (2002) further argues that public sector employment in Nigeria is often characterized by bureaucratic inefficiency, excessive red tape, and politicized recruitment processes, which undermine meritocracy and reduce organizational effectiveness. These structural challenges contribute to low productivity levels and weak service delivery outcomes. In addition, performance management systems in many public institutions are often poorly implemented or treated as routine administrative exercises rather than strategic tools for productivity enhancement. This weakens accountability and reduces incentives for high performance among public servants. Recent public administration literature also highlights the problem of reward system inadequacy, where wage structures are often disconnected from productivity levels. This mismatch between performance and reward contributes to low morale, absenteeism, and reduced commitment to organizational goals (Aremu, 2022). Thus, while the government as employer has the potential to drive high employee performance through effective HRM systems, structural inefficiencies and governance challenges often limit this potential in practice.

Government as Arbitrator in Industrial Disputes

The third critical role of government in industrial relations is that of an arbitrator or mediator in labour disputes. This role is exercised through institutions such as the Ministry of Labour and Employment, Industrial Arbitration Panels, and the National Industrial Court of Nigeria. According to the International Labour Organization (ILO, 2023), effective arbitration systems are essential for maintaining industrial peace, preventing prolonged strikes, and ensuring continuity in both public and private sector operations. Arbitration provides a structured mechanism for resolving disputes that cannot be settled through negotiation or collective bargaining. In Nigeria, arbitration is intended to function as a neutral dispute resolution mechanism that balances the interests of employers and employees while safeguarding national economic stability. However, the effectiveness of this role has been questioned in literature. Otobo (2020) argues that arbitration outcomes in Nigeria are sometimes influenced by political considerations and executive dominance, particularly when disputes involve public sector workers. This perceived lack of neutrality weakens trust in arbitration institutions and encourages recourse to industrial action as an alternative dispute resolution mechanism.

Furthermore, delays in dispute resolution processes, procedural bottlenecks, and limited enforcement capacity of arbitration rulings reduce the effectiveness of this institutional mechanism. These inefficiencies often prolong industrial conflicts, negatively affecting employee morale, organizational productivity, and overall economic performance. Consequently, while arbitration remains a critical component of Nigeria's industrial relations system, its effectiveness is contingent upon institutional independence, administrative efficiency, and stakeholder trust.

Policy Implications

The findings of this study have significant implications for industrial relations governance, public administration reform, and employee performance management in Nigeria. Given the centrality of government as regulator, employer, and arbitrator, the effectiveness of industrial relations outcomes is largely determined by the quality of state institutions and the consistency of policy implementation.

1. First, the study implies that strong regulatory enforcement mechanisms are indispensable for effective labour governance. Although Nigeria has relatively comprehensive labour laws, weak enforcement continues to undermine compliance in both public and private sectors. Strengthening labour inspectorates, improving monitoring systems, and enhancing sanctions for non-compliance are necessary to ensure that legal provisions translate into actual workplace discipline, fairness, and productivity improvements.
2. Second, the findings highlight the need for deep structural reforms in public sector human resource management (HRM). Merit-based recruitment, transparent promotion systems, and performance-linked appraisal mechanisms are essential for improving employee motivation and productivity. Where HRM systems are politicized or bureaucratically rigid, employee performance tends to decline, thereby weakening overall public service delivery outcomes.
3. Third, the study underscores the importance of strengthening arbitration institutions such as the National Industrial Court and related dispute resolution bodies. Institutional independence, procedural efficiency, and enforcement capacity are critical for ensuring timely and credible resolution of labour disputes. A weak arbitration system encourages industrial unrest and reduces confidence in formal dispute resolution mechanisms.
4. Fourth, the study implies that reducing political interference in industrial relations is essential for building trust and stability within the labour system. Excessive political influence in wage negotiations, union activities, and dispute resolution processes undermines institutional neutrality and often escalates conflict rather than resolving it.
5. Finally, the study reinforces the need to adopt international best practices in labour governance, particularly those advanced by the International Labour Organization (ILO). These include strengthening social dialogue, promoting tripartism, ensuring decent work standards, and institutionalizing transparent labour governance frameworks that enhance both efficiency and equity in employment relations.

Conclusion

This study examined the role of government as regulator, employer, and arbitrator in Nigeria's industrial relations system and assessed its implications for employee performance. The analysis demonstrates that government occupies a structurally dominant position in industrial relations, with far-reaching influence over labour market regulation, employment practices, and dispute resolution processes. The study concludes that while government intervention is both necessary and beneficial for maintaining industrial stability and promoting equity in employment relations, its effectiveness in enhancing employee performance is significantly constrained by structural and institutional weaknesses. These include weak enforcement of labour regulations, bureaucratic inefficiencies, politicization of labour administration, and inconsistent policy implementation.

Furthermore, the study establishes that employee performance in Nigeria's industrial relations system is not solely determined by organizational factors but is also heavily influenced by the broader governance environment in which labour relations operate. Where institutions are strong, policies are consistent, and enforcement mechanisms are effective, government intervention contributes positively to productivity and industrial harmony. Conversely, where governance structures are weak, government roles tend to generate inefficiencies, industrial disputes, and low employee morale. In conclusion, a functional and productive industrial relations system in Nigeria requires not only the presence of regulatory frameworks but also strong institutions, accountable governance, and consistent policy execution. Without this, the potential benefits of government intervention in industrial relations cannot be fully realized.

Recommendations

Based on the findings of this study, the following recommendations are proposed to improve industrial relations governance and enhance employee performance in Nigeria:

1. **Strengthening Labour Law Enforcement Institutions:** The government should reinforce labour inspection and enforcement agencies to ensure full compliance with labour laws across sectors. Effective monitoring and sanctioning mechanisms will improve workplace discipline and fairness.
2. **Reforming Public Sector Human Resource Management Systems:** Recruitment, promotion, and performance evaluation processes should be strictly based on merit, transparency, and accountability. This will improve employee motivation and enhance overall productivity in the public sector.
3. **Enhancing the Independence and Capacity of Arbitration Institutions:** Institutions such as the National Industrial Court and industrial arbitration panels should be strengthened to ensure neutrality, efficiency, and enforceability of decisions. This will reduce industrial disputes and improve trust in formal resolution mechanisms.
4. **Reducing Political Interference in Labour Relations:** Government should minimize political interference in union activities, wage negotiations, and dispute resolution processes to strengthen institutional credibility and promote industrial harmony.
5. **Institutionalizing Continuous Training and Capacity Development:** Regular training and professional development programs should be implemented for public sector employees to improve skills, efficiency, and adaptability to modern administrative

- demands.
6. Ensuring Policy Consistency and Predictability: Labour-related policies should be implemented consistently to reduce uncertainty and build trust between government, employers, and employees. Policy inconsistency undermines confidence and weakens industrial relations systems.
 7. Adopting Digital Governance in Labour Administration: The integration of digital systems in human resource management, payroll administration, and labour monitoring should be prioritized to improve transparency, reduce corruption, and enhance administrative efficiency.

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