

Original Research Article

Wage Increase and the Nigerian Civil Service: An Unending 21st Century Demand

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Abstract: Minimum wage has been a very controversial issue in most countries of the world which has generated series of negative industrial action due to the inability of workers to satisfy their basic necessities of life. In recent times, Nigeria is engulfed with the crisis of the N30,000 minimum wage issue. This study therefore investigated the phenomenon through a qualitative research approach and found out that the new minimum wage is desirable but may not be adequate due to lack of adequate monetary and fiscal policy measures, factors of socio cultural and economic setting, prevalence's of institutional corruption, and above all, the absence of political will. As such the study recommends that the government should look beyond the 30,000 minimum wage and come up will effective monetary and fiscal policies that will stabilise interest rate, price, taxes, exchange rate fluctuations and employment opportunities. The study also suggests stringent actions on corruptions and institutional reforms amongst the three ties of government especially in the local government with a view to stimulate the rural economy.

Keywords: Minimum Wage increase, Civil Service, Demand, 21st Century.

INTRODUCTION

A Minimum wage is used in many countries as a redistributive tool for the benefits of unskilled workers. However, its normative justification is highly controversial due to its adverse effect on employment and the possibility of redistribution through the tax and transfer system.

New Zealand is one of the first countries in the world that passed the world first national minimum wage laws that dates back to 1894. This minimum wage law covered all businesses and all industries across the entire country. Then, followed by Austria (especially Victoria) which covered some selected industries known for exploiting workers labour by paying low wages. By 1904, these minimum wage laws had grown to cover 150 industries. New South Wales and Western Australia had also passed their own minimum wage laws 2 years earlier in 1902. Following the "Minimum wage experiment" in Australia and New Zealand, other countries began considering existing minimum wage in their own borders.

As a result, the UK passed its own set of minimum wage laws in 1909. American 1938 introduced by Franklin Delano Roosevelt. The Minimum wage was set at 25 cents an hour, which works out to about \$4 per hour in today's money equivalent to N1,440. It was introduced as part of the fair labour standards Act (FLSA). The FLSA also covers things like youth employment standards, overtime pay, record keeping and standards for government employees at the local, state and federal levels. But prior to that, at least one state had passed its own minimum wage laws in 1912 although exempting women and children.

The history of government wage review in Nigeria is as old as the history of the nation's minimum wage. Minimum wage which relate to some legal restrictions on the lowest wage rates payable by employers to their workers have influenced wages in Nigeria since 1955, courtesy of the Wages Board Act of 1955. From 1955, successive governments have set minimum wages for all kinds of occupational trades especially the ones that can be considered

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formal. More often than not, whenever the minimum wage is set, it affects the levels of wages/salaries in Nigeria. In the past 9 years, the federal government has formulated two directives/legislations that sought to increase the prevailing minimum wage and other levels to pay. The first became effective in September 1998 and the second on 1 May 2000, and most recently, in 2019 after a series of strike and peaceful demonstrations by civil servants. Therefore, this paper intends to reflect on the history of minimum wage in Nigeria and also discuss the desirability.

Research Problem

One of the duties of the government of the country is to ensure that the welfare of her citizens are provided. This can be reflected in the constitution of the country under section 14(b) of the 1999 constitution that states that the security and welfare of the people shall be the primary purpose of the government. One way through which attempt has been made to address the issue of citizens' welfare is the legislation of a national minimum wage. Many commissions and committees between the period 1934 and 2011 have been established in order to undertake either a holistic or partial review of the salaries and wages in the Nigerian public service. Most of the workers in the public service no longer survive on what they earn since those that work have to support their families that form part of the unemployed in the society.

There are a lot of cases of frequent strike action by workers that is aimed at getting government to agree to negotiate a minimum wage and upward review of wages. Currently, the Nigerian labour congress (NLC) is still battling the implementation of the recently approved 30,000 Minimum Wage with the federal Government. As it is yet to be implemented at the federal level only time will tell when it will be implemented at the state level where some states are yet to implement 18,000 minimum wages.

It is on the basis of this that this research intends to answer the following questions

1. Is there any need for frequent review of minimum wage in Nigeria?
2. What are the challenges and how can the government enjoy a long period of time without a minimum wage review like other countries?

LITERATURE REVIEW AND THEORETICAL FRAMEWORK

Among the few variables that helped to locate and showcase Nigeria on the world map include football, big size, population, poverty and corruption. It surprises many as to why a country so endowed with human and natural resources is as well riddled with manmade caused poverty through embezzlement of public funds and under utilisation of available natural resources. Embezzlement of public fund in Nigeria is primarily the major cause of poverty among workers as well as a barrier to overcoming it. Today a civil servant in Nigeria, cannot afford three square meals, let alone affording other services like electricity, water, health care and education due to insufficient salaries.

The international labour organization (ILO) defines minimum wage as a wage that provides a floor to the wage structure in order to protect workers at the bottom of the wage distribution. The ILO further points out that minimum wages are nearly a universal policy instrument that applies in more than 90% of the ILO member states including Nigeria. As the ILO further noted, minimum wage must take a legal perspective that must have the legal backing of the law and be enforceable under threat of penal or other appropriate sanctions.

In Nigeria the history of minimum wage cannot be separated from the history of public service negotiations and increments. It dates back to the colonial era and the setting up of Hunts commission in 1934 (APPENDIX 1). It is significant to note that the first national minimum wage act of 1981 prescribed a minimum wage of N125 per month (Faro official gazette 1981 A53-57). This was revised in 1991 to N250 per month, again reviewed in 2000 to N5,500 per month and in 2011 to N18,000 per month. The Justice Alpha Belgore Committee submitted a bill on the national minimum wage amendments to the National Assembly on July 1st 2010, with the following recommendations;

1. A national minimum wage of N18,000 per month for all establishments in the public and private sectors employing 50 workers and above.
2. An upward review of the sanctions that would serve as a deterrent for not paying the new national minimum wage as follows-a fine not exceeding N100,000 or imprisonment for a term not exceeding 6 months or both.
3. A more frequent review period not exceeding 5 years to be carried out by a statutory tripartite committee that would be appointed from time to time by the president of Nigeria.

This bill was passed into law on March 5, 2011 by both arms of the national assembly with minor adjustments as follows:

That as from the commencement of the National Minimum Wage Act 2011, it shall be the duty of every employer to pay a wage not less than the national minimum wage of N18,000 per month to every worker under his employment. The penalty for failing to pay minimum wage is N20,000 while the penalty for every additional day the

default continues is N1,000. The federal government of Nigeria and the organized labour later in 2011 negotiated the new minimum wage on August 2011.

November 6th 2018 the Nigerian Labour Congress (NLC) Called off a general strike after agreeing with the government to increase the national minimum salary by 67% to N30,000 Naira (US \$83). In typical fashion, Bloomberg, the American business news service, couldn't help pointing out that "Nigerian labour is flexing its muscle before an election, winning a large increase in the minimum wage despite investor concerns about the oil-exporting nation's deteriorating budget balance" The wage increase has been described by the usual dial-a-quote anti-labor expert as a populist move that will distort the state economy and further fuel inflation. Another Reuters "Economists say the new minimum wage risks stoking inflation, which currently above the central bank's single digit thereby creating a new headache for the bank as it defends the currency hit by lower prices".

Formally the minimum wage agreement is a recommendation to parliament, which has to pass it into law. The parliamentarians that will vote are among the richest of the world. While using private salaries to support patronage networks is not necessarily illegal, using private or public funds to stay in political positions through vote buying is corrupt. Nigerian political corruption is well-known, vast and systematic, and politicians misuse of public funds for personal and political support tend to increase in the run-up to elections (as in now), and it is particularly strong at state levels.

Nigeria has 36 states. They are key public sector employers. Despite the fact that the governors of these states had six representatives at the tripartite forum, they refuse to accept the new minimum wage and have threatened to sack workers because they cannot pay the bill.

In addition to many of them not implementing minimum wage rules, 33 out of 36 states are late in paying workers. The chairman of the Nigerians governors' forum, Abdul-Aziz Yari, told reporters "the problem of state is the capacity to pay what is agreed. As we are struggling with N18,000. Some of the states are paying 35 percent, some 50 percent and still some states have salary arrears. So, it is not about only reviewing it but how we are going to get the resources to cater for it".

However, the multi-national private sector in collaboration with the international economists are arguing against increased salaries in developing economies so as to penetrate weaker economies by exploiting there available resources. An advocate of such ideas is the former Nigerian president Olusegun Obasanjo, in his book "Making Africa Work" arguing that the best way to attract investments for growth and job creation, is to reduce minimum wage in such countries. This is no doubt a neoliberal manifesto! In fact, former president of Malawi Joyce Banda is quoted to have said: "I wish I had this handbook when I was president of Malawi. It not only offers convincing arguments on what to do, but practical examples and steps on how to get things done".

THEORETICAL FRAMEWORK

This research adopt the motivation theory founded by Abraham Maslow known as motivation theory Abraham Maslow in his study identified needs in different categories. The orders of the needs are physiological, safety, social, self-esteem and self-actualization needs.

The physiological needs are the basic needs of sustaining the human life that include food, clothing, shelter, education.

Safety needs are freedom from physical danger and the fear of losing a job, property or shelter, have a safe home, secure income, sufficient salary and medical insurance.

Social needs mean to belong and to be accepted by others like to have a family and friends to satisfy the needs for affection, acceptance and friendship etc.

The esteem needs mean to be held in esteem both by self (internal esteem) and by others (external esteem). The internal esteem calls for self-respect, personal strength, competence, mastery, self-confidence, independence etc. while the external esteem calls for respect for others in terms of status, recognition, fame, power, prestige and attention.

Self-actualization that is the highest need in Maslow Hierarchy is to fulfil one's potential and self-fulfilment and maximizes one's potential and to accomplish something one desires.

There are some criticisms to Maslow hierarchy of needs that include there are concerns that the number of levels of needs may be only two or three levels instead of five levels [1].

Some also argued based on methodology, some argued that the number of people included in the samples are small which might be a suboptimal sample, scientifically spoken [2]. Maslow theory predicts that once the needs at one level are satisfied, the next needs level should become more important and human beings will move up the hierarchy, satisfying one needs before moving on. Researchers have shown that this order does not necessarily happen.

In the light of the above analysis, motivation is a complex phenomenon which is influenced by individual, cultural, ethnic and historical factors. Motivating employees is a key factor for a company to succeed in their business. From the foregoing understanding, Maslow's hierarchy of needs will be very useful in articulating a good minimum wage package for workers in Nigeria. Evaluating the different needs, values, drives and priorities of people from different backgrounds individually or collectively will be incredibly valuable in giving workers living wages within the workplace.

METHODOLOGY

The design is a survey research design; the study adopts a descriptive approach which relies on primary and secondary data. Nigerian labour congress Gombe State chapter, Ministry of education Gombe, and ministry of works Gombe were purposely selected as a source of primary data. The choice is these case studies hinges on the facts that the labour congress is the pressure union which is very conversant with issues of salaries and wage policy, Ministry of education is has the largest number of staffs. While, ministry of works has peculiar feature with other ministries. The staffs of these ministries were then randomly selected for the interview. The analysis is however thematised based on the research questions using triangulation from various sources.

DISCUSSIONS

Desirability/Needs

The responses from the respondents (staffs), regarding the need in reviewing the minimum wage was overwhelming. 99% of those interviewed said it was desirable. Infact morethan 50% said it is long overdue. This suggests a lot of explanations which can be viewed from different perspective based on their reasons. The subsequent theme discussed the reasons in many folds looking at so many factors.

Challenges

The reasons given by the respondents falls in the categories of inflations, changes in family structures, institutional corruption, selfishness and lack of patriotism. However the majority gave reasons of inflation, which is the rise of price of goods and services. This is true that a current study puts Nigeria as the 8th most inflated country in the world. The rate of inflation in Nigeria was as high as 18% and relative low to around 11%. Not just increase in food price but other imported items especially on building material pushing up rent cost due to high cost of building. Apart that, the cost of school fees in private primary and secondary is high adding to the expenses of parents earning not up to \$100 a month. They are expected to also pay for medical bills, electricity, water etc all within the earnings of less than a \$100 a month.

The respondents also voiced concern on lack of family communal cultures where individual members do not intervene to help other members. Rather every member is entirely to his own self (wife and children's alone). This can be ascertained by looking at the northern were people today marry less number of wives and bear less number of children and live outside the family house. Perhaps, these demographic changes may be due to reasons of external cultural influence and poverty. This suggests in cases where the minimum wage is poor individual workers will live from hand to mouth. Even with the present moves of increment government to N30.000. looking at the present economic situations in Nigeria.

Bureaucratic corruption is perpetrated though means such as delay in promotions, denial of allowances, training and retraining, poor postings etc. most of those interviewed were victims of such case. About 7 of the interviewees claimed that were it not for the denial of these promotions they would have now been earning almost more than a \$100 in a month. While on the case of allowance over 90% of those who are teachers claimed that they hardly receive their leave grants. Such kind of denial inhibits the ability of the civil servants in meeting their basic needs in life. While on the end of the spectrum the elected politicians at various levels of government (state and national house of assemblies, governors etc) never had their allowances denied. Worst of all they are trying to implement pension benefits to themselves while civil servants are dying without receiving their benefit. This is a clear case of lack of patriotism and selfishness.

SUMMARY OF MAJOR FINDINGS

Based on the analysis presented above, the research shows that periodic review of civil servant salaries is desirable. However, socio-cultural and religious factors play a great role in determining its sufficiency or insufficiency.

An extended family system with many wife's and children constitute a drain and at the same time an individual with a nucleus family earning a minimum wage may still find it difficult to survive. This contradiction is explained within the volatile nature of the Nigerian economy where individual savings propensity is low due to poor monetary policies. This is as a result of the existence of an extractive economic system created through none inclusive and corrupt political system. Miscellaneous findings also show that salaries disparity especially between permanent secretaries and his immediate subordinates (directors) is a great source of concern.

The research is although carried out within the environment of Gombe state. Further research can be replicated in other part of the country which may produce similar or dissimilar findings.

RECOMMENDATIONS

From the above findings the government should look beyond the 30,000 minimum wage and come up with strategies that will have other sectors of the economy to create employment opportunities especially in the rural areas. In connection to this the government should also evoke a holistic fiscal and monetary policies with a view of creating long term stability of prices, interest rate, low taxation, just as in the United Arab Emirate (UAE) countries. This suggests that the Nigerian labour congress should focus on issues of good policies not on salary increment or minimum wage alone. Nigeria should also intensify it fight against corruption especially within the civil service circles. Nigerian should also take a leap from especially Asian countries by unifying salaries scale at all level of government.

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