

# A REVIEW OF WAGE BARGAINING THEORY AND INDUSTRIAL STRIKES ACTION IN NIGERIA

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**Abstract:** The paper is reviewing the wage bargaining theory as regards to the Nigeria environment. The primary purpose of wage bargaining is to determine wage, terms and conditions of employment of employees. Improvements in the terms and conditions of workers employment is the chief task of trade unions and collective bargaining is the major means whereby trade unions can ensure that the terms and conditions of employment given to their members are adequate. Trade union has not successfully use the instrument of collective bargaining to achieve their demand, as government usually use wage commission to determine the wages of his work force and even when collective agreement are reached by the parties in bargaining section, is not been implemented. This has led to incessant strikes action by aggrieved workers. The paper adopted a theoretical approach in its methodology which was blended with practical knowledge of the subject matter and trend of events. The paper concludes with recommendations on ways to make the collective bargaining mechanism to be more effective or result-oriented.

**Keywords:** Wage bargaining, strikes, labour union and minimum wage.

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## 1. INTRODUCTION

Wages is an economic compensation paid by the employer under some contract to his workers for the services rendered by them. Wages, therefore, include family allowance, relief pay, financial support and other benefits. According to the wage bargaining theory, wages are determined by the relative bargaining power of workers or trade unions and of employers. When a trade union is involved, basic wages, fringe benefits, job differentials and individual differences tend to be determined by the relative strength of the organization and the trade union. (Adesegun, 2015)

The relations between trade unions and governments or management (leadership) of organizations is of importance in wage bargaining. Bargaining is collective because chosen representatives of labour and management act as bargaining agents. It refers to a process by which employers on the one hand and representatives of the employees on the other attempt to arrive at agreements covering the conditions under which employees will contribute and be compensated for their services.

Additionally, a wage bargaining agreement is not purely voluntary; one party's failure to reach agreement entitles the other to resort to certain legal tactics, such as strikes and lockouts, to apply economic pressure and force agreement.

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 occupations/trades, especially the ones that can be considered formal. More often than not, whenever the minimum wage is set, it affects other levels of wages/salaries in Nigeria.

## 2. LITERATURE REVIEW

### 2.1 The Bargaining Theory of Wages:

The theory was propounded by John Davidson. According to this theory, the wage fixation depends on the bargaining power of workers/trade unions and of employers. If workers are stronger in bargaining process, then wages tends to be high but in case, the employer plays a stronger role, then wages tends to be low.

Wage bargaining consists of negotiations between an employer and a group of employees in order to determine the conditions of employment. The result of wage bargaining procedure is a collective agreement. Employees are often represented in bargaining by a union or labour organization. It is a process of negotiation between representatives of workers (usually labour union officials) and the management of an organisation to determine the conditions of employment. It could be viewed as a means of industrial jurisprudence as well as a form of industrial democracy. It is a means for resolving workplace conflict between labour and management as well as the determination of terms and conditions of employment.

Basically collective bargaining allows workers and employers to reach voluntary agreement on a wide range of topics. However this ability to bargain is limited to some extent by federal and state laws in force in every country. In this regard, a collective bargaining agreement cannot accomplish by contract what the law prohibits. Wage bargaining also cannot be used to relinquish rights or obligations that laws impose on either party.

Once both parties reach an agreement on a contract, it is approved and set for a period of time. This final contract is called a collective bargaining agreement. The interests of the employees are commonly presented by representatives of a trade union to which the employees belong. The collective bargaining agreements reached by these negotiations usually set out wage scales, working hours, training, health and safety, rules/guidelines of the workplace, overtime, benefits, working conditions, grievance mechanisms and rights to participate in workplace or company affairs. A collective agreement functions as a labour contract between an employer and the unions.

International Labour Organization (ILO) standards promote collective bargaining and help to ensure that good labour relations benefit everyone. Collective bargaining is concerned with the relations between trade unions and governments or management (leadership) of organizations. Bargaining is collective because chosen representatives of labour and management act as bargaining agents. It refers to a process by which employers on the one hand and representatives of the employees on the other attempt to arrive at agreements covering the conditions under which employees will contribute and be compensated for their services.

Some selected relevant International Labour Organization documents include:

1. Right to Organise and Collective Bargaining Convention, 1949 (No.98) -This Convention provides that measures appropriate to national conditions shall be taken, where necessary, to encourage and promote the full development and utilization of machinery for voluntary negotiation between employers or employers' organizations and workers' organizations, with a view to the regulation of terms and conditions of employment by means of collective agreements.
2. Labour Relations (Public Service) Convention, 1978 (No.151) – This Convention promotes collective bargaining for public employees, as well as other methods allowing public employees' representatives to participate in the determination of their conditions of employment. It also provides that disputes shall be settled through negotiation between the parties or through independent and impartial machinery, such as mediation, conciliation and arbitration.
3. Collective Bargaining Convention, 1981 (No.154) – Defines collective bargaining and calls for its promotion in all branches of economic activities including public service.

### 2.2 Wage Determination:

In Nigeria, collective bargaining machinery has not been employed in the fixation of wages, rather governments at all levels (Federal, State and Local) have continued to set aside collective bargaining and to give wage awards to score political points in spite of its commitment to the ILO Convention 98 to freely bargain with workers. The State and the governments revert to use of wage commissions in the course of regulating wages and employment terms and conditions of its workers. Thus, wage determination is by edict. This preference for wage commissions can at best be regarded as a unilateral system as collective bargaining is relegated to the background. Anyim et al ( 2011)

Banjoko (2006) also stressed that government has arrogated to itself the role which both employers and employees ought to perform in industrial relations. Even though government as a state authority set up councils to negotiate for salary increases and other conditions of employment in the public sector, events in recent years have shown that government had taken over the system of wage fixing in Nigeria. Instead of allowing collective bargaining to prevail, government resorted to establishing wage tribunals as a means of fixing and reviewing wages. Consequently, collective bargaining has been relegated to the background in Nigeria (Imafidon, 2006).

Kester (2006) observes, that Nigeria has no definite and effective wage determination policy hence the industrial relations system has been witnessing a spate of industrial unrest and tensions at every attempt to adjust wages and over the years, issues relating to wages have dominated industrial disputes and work stoppage in the Nigerian economy.

Wage tribunals or commissions offer little opportunity for workers contribution in the determination of terms and conditions of employment and viewed as bilateral or tripartite. Thus, the State preference for wage commissions is anti-collective bargaining. In spite of Nigeria's commitment to conventions of the ILO with particular reference to such conventions as 87 of 1948 and 98 of 1949 which provide for freedom of association and the right of workers to organize and bargain collectively. This stance of the State has stifled effective collective bargaining in the public sector. The following wage commissions or committees of inquiry were instituted during the colonial and post independence era for the purpose of wage determination and other conditions of service in the public sector. Chidi (2008) also condemn that the use of ad hoc commissions in addressing workers' demands such as wage determination and terms and conditions of service as been unilateral and undemocratic as it contradict good industrial democratic principles.

### 2.3 Wage Review:

Government has the duties of ensuring the welfare of her citizens, and section 14(b) of the 1999 constitution which states that "the security and welfare of the people shall be the primary purpose of government."

Trade unions in Nigeria are the major bodies that represent the Nigerian workers in such matters as the agitation for wage increases and other benefits. These organs, the Nigeria Labour Congress (NLC) and the Trade Union Congress (TUC) have had a long running battle with the government on the subject.

One way through which attempt has been made to realise this is the legislation of a National Minimum Wage. It is important to know that Nigeria's pay structure and income policy predates the nation. The following wage commissions have been used in Nigeria for wage determination and for the setting of employment terms and conditions in the public sector.

Commission	Year Instituted
Hunt commission	1934
Bridges commission	1941
Tudor Davis commission	1945
Harragin commission	1946
Miller commission	1947
Whitley commission	1948
Gorsuch commission	1955
Mbanefo commission	1959/1960
Morgan commission	1964
Adebo commission	1971
Udoji commission	1974
Onosode commission(for parastatals)	1981
Cookey commission (for varsities)	1981

Adamolekun commission (for Polytechnics TTC& TC)	1981
Ukandi Damachi commission	1990
Minimum Wage commission	1999
Ufot Ekaette Presidential committee on Monetization of Fringe Benefits in the Public Service.	2002
Pension Reform commission	2004
Onosode commission (for universities)	2009

The government uses these commissions as a mean to review the wages and salaries of his workers. In May, 1981 under the administration of President, Alhaji Shehu Shagari, a tripartite wage bargaining was constituted to address the demand of the NLC for wage review and this led to the minimum wage of N125. Thereafter, Damachi led tripartite minimum wage committee inaugurated by the Babangida regime on January 30, 1990; which was manipulated by President Babangida who determined the minimum wage of N250. The Government of Obasanjo like its military predecessor the Abubakar regime also avoided any tripartite collective bargaining in the fixing of the 1999 national minimum wage of N7, 500 and the fixing of N18, 000 national minimum wage which was passed into Law in 2011 was not based on collective bargaining. The government merely consulted with officials of the NLC without carrying on board private sector employers and state governments who were to implement the wage awards at the state and local government levels. This exclusion generated serious conflicts at those levels as state governments expressed inability to pay, and consequently strikes actions by the aggrieved workers.

Presently, it has become imperative for Government to carry out an upward review of wages because wages and salaries as at today have been sharply depressed and incapable of meeting the basics needs of most workers. In 2017, NLC proposed a minimum wage of N56,000 monthly to be paid to the least worker. The President Muhammadu Buhari approved the appointment of a 30-member tripartite National Minimum Wage Committee for the negotiation of a new National Minimum Wage. The Nigeria Labour Congress (NLC) has submitted the memorandum to the tripartite committee on the new minimum wage that will reflect the current economic realities in the country. And the Nigeria Labour Congress (NLC) has insisted that the new minimum wage must come into effect in July of 2018. But the Minister of Labour and Employment, Chris Ngige has disclosed that the federal government would announce the new minimum wage before the end of the third quarter which is September 2018. (Ugwuanyi S, 2018).

Labour unions are opposed to government interference in wage determination, although, unions opposition can be characterized as ambivalence. Also with the use wage commission due to the fact that the unions and employers have no representatives in the makeup of the Commission, a situation that contributes to the antagonism which usually manifest in the form of strikes (Sonubi, 1973; Aiyede, 2002; Aminu, 2008).

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#### **2.4 Strike Actions in Nigeria:**

Collective bargaining constitutes an important means by which workers seek to satisfy their economic and social interests. Successful collective bargaining is crucial to the attainment of industrial peace in Nigeria. Nigerian labour law provides for automatic recognition of trade unions for collective bargaining purposes. This means that the employer must recognise registered trade unions in his establishment and bargain with such unions in their bid to safeguard their economic interests in employment. The duty to recognise a trade union is coterminous with the duty to negotiate with it and conclude agreements. Thus, a refusal by an employer to recognise and bargain with a union or adhere to the agreement arrived at could lead to strikes by the workers to realise such improvements in working conditions.

Max Weber's theory of social action have given us a better understanding of the interface between the wage determination process in the Public Service and industrial unrest that manifests mostly in the form of strike action. Most strike actions in the Public Sector have been regarded by Scholars of Industrial Relations as labour's reaction to the inadequacies of the Public Sector wage determination process (Orifowomo, 2008). For instance, Fashoyin (1992) observes that the inequities associated with unilateral decision making and the unwillingness of the Public Sector

employers to use the collective bargaining machinery has made strike a means of ensuring favorable employment conditions in the Public Sector crucially important. Moreover, labour management negotiations are achieved through informal means or through political pressure mounted by the unions.

Economically, strike is indeed an ill wind which blows neither the employers nor workers any good. Strikes disrupt not only the business of the employers and cause the workers loss of wages but also invariably disorganize the economy of the state and social order in some cases. Moreover, strike is a double edged industrial sword; apart from its effect on the national economy, a great deal of wage earning man hours is lost, just as the employer loses its regular income. In the process, the state sustains loss of national revenue in the form of tax or profit.

### 3. CONCLUSION AND RECOMMENDATION

Workers all over the world desire recognition, better salaries and wages and great improvements in the terms and conditions of work. Workers have formed associations for the purpose of realizing this main objective. By forming associations and grouping together workers have a more effective basis to realise improvements in working conditions. Both Nigerian Labour law and International law recognise the right of workers to bargain collectively for the protection of the legitimate interests of workers. Indeed, that the ILO has declared its support for collective bargaining as a medium through which the protection of the economic and social interests of workers can be attained.

In concluding with regards to Nigeria situation, wage commissions remains the dominant method by which the government uses in determining wages of workers and other working conditions in the public service. This means that the collective bargaining machinery is not well established and entrenched in the public service.

The restricted use of collective bargaining as an instrument of wage determination in the public service in Nigeria has resulted in incessant cases of industrial unrest. Government prefers the use of Wage Commissions because of its unwillingness to negotiate with workers through their unions. Government being the only employer of labour in the public sector in Nigeria does not want to give the workers all the benefits due to them, hence the frequent use of wage commissions instead of collective bargaining. In the wage commissions, the interests of workers are not taken care of due to inadequate representation. This explains why each time a wage commission comes up with its report and recommendations; they do not usually go down well with workers. This is a situation that leads to bickering amongst workers, and even protests, agitations, and strike actions. This paper therefore recommends the use of collective bargaining machinery more frequently as the best method of determining employee wages and other conditions of service. Well-established and deeply entrenched collective bargaining machinery would obviously go a long in reducing significantly the frequency of wage-related industrial unrest in the public service in Nigeria.

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