

OPEN ACCESS

ISSN 2280-4056

*E-Journal of
International and Comparative*

LABOUR STUDIES

Volume 2, No. 2 May-June 2013



ADAPT
www.adapt.it
UNIVERSITY PRESS

Scientific Directors

Lauren Appelbaum (*USA*), Greg Bamber (*Australia*), Stuart M. Basefsky, (*United States*), Daria V. Chernyaeva (*Russia*), Richard Croucher (*United Kingdom*), Maurizio del Conte (*Italy*), Tomas Davulis (*Lithuania*), Tayo Fashoyin (*Nigeria*), József Hajdu (*Hungary*), Ann Hodges (*USA*), Richard Hyman (*United Kingdom*), Maarten Keune (*The Netherlands*), Chris Leggett (*Australia*), Guglielmo Meardi, (*United Kingdom*), Shinya Ouchi (*Japan*), Massimo Pilati (*Italy*), Valeria Pulignano (*Belgium*), Michael Quinlan (*Australia*), Juan Raso Delgue (*Uruguay*), Raúl G. Saco Barrios (*Peru*), Alfredo Sánchez Castaneda (*Mexico*), Malcolm Sargeant (*United Kingdom*), Jean-Michel Servais (*Belgium*), Silvia Spattini (*Italy*), Michele Tiraboschi (*Italy*), Anil Verma (*Canada*), Stephen A. Woodbury (*USA*)

Joint Managing Editors

Malcolm Sargeant (*Middlesex University, United Kingdom*)
Michele Tiraboschi (*University of Modena and Reggio Emilia, Italy*)

Editorial Board

Lilli Casano (*Italy*), Francesca Fazio (*Italy*), Emanuele Ferragina (*United Kingdom*), Antonio Firinu (*Italy*), Valentina Franca (*Slovenia*), Maria Giovannone (*Italy*), Erica Howard (*United Kingdom*), Karl Koch (*United Kingdom*), Lefteris Kretsos (*United Kingdom*), Attila Kun (*Hungary*), Felicity Lamm (*New Zealand*), Cristina Lincaru (*Romania*), Nikita Lyutov (*Russia*), Merle Muda (*Estonia*), Boaz Munga (*Kenya*), Eleonora Peliza (*Argentina*), Daiva Petrylaite (*Lithuania*), Ceciel Rayer (*The Netherlands*), Aidan Regan (*Ireland*), Marian Rizov (*United Kingdom*), Salma Slama (*Tunisia*), Francesca Sperotti (*Italy*), Araya Mesele Welemariam (*Ethiopia*), Barbara Winkler (*Austria*), Machilu Zimba (*South Africa*)

Language Editor

Pietro Manzella (*ADAPT Senior Research Fellow*)

Book Review Editor

Chris Leggett (*James Cook University, Australia*)

Digital Editor

Avinash Raut (*ADAPT Technologies*)

The Impact of Wage Reform Policies on Industrial Relations in Nigeria's State Universities: A Case for Multi-Employer Bargaining

Emmanuel Unimke Ingwu and Joseph Idagu Ogah *

1. Introduction and Theoretical Background

The link between education and national development is universally acknowledged. The most straightforward example of this interconnection is that education provides people with knowledge, skills, competence and a positive attitude which are necessary for national economic growth.

Moreover, supplying a high-calibre workforce which can take the nation to greater heights is the main function of the universities¹.

This point was further stressed by the President of Nigeria, Goodluck Jonathan, during a speech delivered on the occasion of the 50th anniversary of the Nsukka University: "Our Universities must play a central role in rebuilding Nigeria's economy and in meeting our society's most crucial needs; an educated citizenry and a competent workforce"².

With the attainment of independence in 1960, the need to meet the demand for highly-qualified manpower was the major concern facing the national government. The realization of this gap led to the setting-up of

* Emmanuel Unimke Ingwu is Associate Professor in Adult Education and Labour Relations, Faculty of Education Cross River University of Technology (Crutech) Calabar Campus. Joseph Idagu Ogah, MBA, is Lecturer in Business Administration, Faculty of Management Sciences, Cross River University Of Technology (Crutech) Ogoja Campus.

¹ Federal Republic of Nigeria, *National Policy on Education*, NERDC, Lagos, 2004.

² E. J. Goodluck, *Making Nigeria's Education System Globally Competitive*, Paper delivered at the University of Nigeria, Nsukka's 50th Anniversary Celebration, 2010.

the Ashby Commission in April 1959³. The Commission recommended the establishment of an additional number of universities to fulfil the foregoing objectives. Consequently, universities have expanded in size and number, even more than what the commission envisaged.

This phenomenal increase has been accentuated by the removal of education from the exclusive to the concurrent legislative list⁴. Initially, the 1963 Republican constitution made provisions for higher education to be the joint responsibility of governmental bodies at both federal and regional level. However in the mid-1960s the military took over power and the provision of higher education – particularly that supplied by the universities – was assigned to the federal government on an exclusive basis. The centralized nature of the education system was based on the premise that “the arrangement will ensure adequate funding and orderly development [...] guarantee uniform high standards, and promote national unity and security [...]”⁵. The 1979 constitution amended this arrangement. To some commentators, the existing federal universities could not meet the aspirations and yearnings of the Nigerians for university education; others welcomed moving the issue of education to the concurrent legislative list.

By and large, this provision entrusted the federal government with the power to deregulate the educational system. It has therefore given the States considerable latitude to participate in the supply of higher education. As of 2009, there were 104 universities with a total enrolment of 775,385 students: 61% of them attended federal universities; 33.6% were enrolled in public universities, while the remaining 5.3% were in private universities⁶. The share of those attending public universities is significant, showing that they are contributing to filling the yawning gap in the admission of qualified candidates.

It should be noted that the establishment of universities is only a means to an end. The end is to churn out graduates who are proficient in their chosen vocations and thus can contribute maximally to nation building. Thus, at the centre of the students’ learning outcome are the lecturers. In

³ A. Aderinto, *Ashby Revisited: A Review of the Growth of Nigeria Universities*, in *Review of Education*, Institute of Education, University of Nigeria, Nsukka, vol. 8, n. 1, 1981, 32-43.

⁴ A. I. Goubadia, *The Political Environment of Higher Education Coordination in Nigeria*, in S. Adesina, K. Akinyemi, K. Ajayi, eds. *Nigerian Education: Trends and Issues*, University of Ife Press, Ile-Ife, Nigeria, 1983.

⁵ K. Ajayi, *The 1979 Constitutions and the Nigerian Education System*, in S. Adesina, K. Akinyemi, K. Ajayi, K., eds., *Nigerian Education: Trends and Issues*, University of Ife Press, Ile-Ife, Nigeria, 1983, 56.

⁶ E. J. Goodluck, *op. cit.*

this sense, their disposition to teach and their dedication to duty might depend on:

- The individual ability, as determined by education, training and experience.
- Their motivation, to wit, the drive and willingness to teach.
- The physical conditions of the situational factors, including monitoring and supervision⁷.

However, the most compelling factor is the motivation and commitment to teach. Lecturers may possess qualifications and expertise, but if they are not adequately motivated, meeting the goals of establishing the universities might be complicated. It is from this perspective that we need to pose the following question: What has been the character and content of the industrial relations system in Nigerian universities? Simply put, what has been the nature of wage policies and conditions of service of the university staff? According to a renowned Nigerian educationist, Pai Obanya, the national university system faces major shortcomings. He argues⁸:

It beats one's imagination to see what happens when academics in Nigeria become part of the "internal brain drain" and are "attracted to other sectors of the Nigerian economy, even government services. They are then usually more highly prized than they would have been in their "natural habitat", the tertiary institutions.

Thus, why are university staff – and particularly academics – disenchanted with the system? Otherwise stated, why are they conducting battles with their respective employers, as portrayed by the incessant strike action taking place at the universities? Are the current wage policy and conditions of service not favourable? What is the current mode of arriving at an acceptable pay policy between the parties involved in the negotiations? Given the current adverse industrial relations atmosphere in the universities, we need to provide answers to these and other questions.

⁷ E. U. Ingwu, E. N. Ekefre, M. E. Bassey, *Trends in Labour-Management Relations in Nigeria's Higher Educational Institutions*, in *SOPHIA* (An African Journal of Philosophy & Public Affairs), vol. 9, n. 2, 2007, 189-196.

⁸ P. A. I. Obanya, *Higher Education for an Emergent Nigeria*, Heinemann, Ibadan 1999.

Accordingly, the aim of this paper is to examine the way in which wage reform policies have affected work relations over the years, especially in state universities. The intent is to show how such policies have negatively impacted the teaching and learning processes. The paper will conclude by putting forward an alternative model of wage resolution process that would engender a more favourable industrial relations climate in the national university system. The research approach consists in an historical – and to some extent philosophical – analysis of the development of wage reforms in Nigeria, highlighting the effect on university education.

2. Scope of the Study

As the title of the paper portends, this study is focused on public universities owned by federal and state governments. As previously stated, they have enrolled 94.7 percent of students admitted into Nigerian universities, leaving private ones with only a meagre 5.3 percent. In addition, public universities run a range of programmes in almost every field of human endeavour. Hence, their impact on the Nigerian economy is rather pervasive.

Yet private universities in Nigeria have just been recently been established. Extant legislation issuing them with licenses to operate has given them considerable latitude to bar both their staff and students from unionizing (National Scholar, 2007, 3). More than 50 percent of staff engaged in these institutions are either on part-time or on adjunct appointment, some academics are on sabbatical, while others are retirees from public universities. Moreover, the salary paid to lecturers by many of these universities is not as competitive as remuneration paid at public universities. This aspect explains why 60 to 80 percent of academic staff have endorsed the desire to leave at the slightest opportunity⁹. Most of the staff teaching in these universities are there because of unemployment conditions in the economy. They are therefore likely to unionize if given the opportunity. One should also not lose sight of the fact that private universities offer market-driven programs rather than commitment to diverse disciplines. Thus, apart from few missionary universities, proprietors of private universities run them based on profit motive and

⁹ O. A. Erinsho, *The Quality of Nigeria's Private Universities*, *The National Scholar*, vol. 5, n. 7, 4-10.

not necessarily on commitment to quality¹⁰. Due to these shortcomings in the private universities, we decided to focus our study on public ones.

3. Theoretical Framework

This study is hinged on the equity theory of social comparison. The equity proposition is useful in explaining how employees in the employment exchange relationship evaluate their work efforts and judge whether the reward they receive is “comparable” to the treatment given to similar colleagues working elsewhere. As the theory further suggests, if employees believe that they are being paid less than the other comparison persons, then they would reduce their work efforts¹¹. Technically stated, the perceived inequity will motivate an individual to achieve equity or to reduce inequity, with the degree of motivation which varies in accordance with the magnitude of the imbalance between the employees inputs – that is, education, competence, experience, efforts, hours of work – and outcomes - to wit salary levels, raises, promotions, recognition¹².

In attempting to support the validity of the equity theory, most studies have focused on money as the most relevant variable in explaining the workers' behaviour in the workplace¹³. As it applies to wage bargaining, such studies have been quite fortuitous in explaining that a worker may be happier and satisfied only if he perceives that what he is getting is “fair” and “just” in comparison with what someone else with a similar background is receiving. As explained by a number of scholars¹⁴, the consequences of dissatisfaction with remuneration explained may lead to

¹⁰ O. A. Erinsho, *op. cit.*

¹¹ J. S. Adams, *Inequity in Social Exchange*, in L. Berkowitz, ed., *Advances in Experimental Social Psychology*, Academic Press, New York, vol. 2, 1965.

¹² B. E. Kaufman, *Models of Man in Industrial Relations Research. Industrial and Labour Relations Review*, vol. 43, n. 1, 1989, 80-93.

¹³ P. N. O. Ejiofor, *Equity Theory and Perceptual Differences in Reward Distribution amongst Middle and Lower Managers*, in P. N. O. Ejiofor, A. Aniagoh, eds., *Managing the Nigerian Worker*, Ibadan, Longman, Nigeria, 1984; G. John, *Organizational Behaviour: Understanding and Managing Life at Work* (4th ed.), Harper Collins Publishers, New York, 1996; J. F., Stoner, Freeman, R. E. & Gilbert, D. R. *Management*, (2nd ed.), Pitman Publishing, London, 2000. E. U. Ingwu, *The Import of Equity Theory of Labour Relations in Improving Qualitative Teacher Education*, in A. M. Wokocha, ed. *Quality in Nigerian Education: Agenda for Action*, Osai International Publishers, Port Harcourt, 2000.

¹⁴ J. B. Miner, *Industrial-Organizational Psychology*, McGraw-Hill Incorporated, New York, 1992; S. P. Robbins, N. Langton, *Fundamentals of Organizational Behaviour. Canadian Edition*, Prentice Hall, Toronto, 2002.

low productivity, low quality product, absenteeism or turnover. At the other extreme, workers might be possibly forced to redress the inequity by going on strike(s)¹⁵.

Stoner, Freeman and Gilbert¹⁶ suggest that management in any organization should understand that the feelings of equity stem from a perceptual social comparison process in which the worker controls the equation that is employees decide what is considered to be relevant inputs, outcomes and comparison persons. Employers and management must therefore be sensitive to these decisions at the time of designing equitable wage policies for their employees.

4. Public Sector Wage Determination: A Conceptual Clarification

In the context of the present study, it has long been established that the role played by the forces of demand and supply in wage fixation in the private sector is irrelevant in most parts of the public sector¹⁷. As suggested by Summers¹⁸, collective bargaining in public employment is different from that of private employment because government is not just another industry. In the view of Summers¹⁹:

In private employment, collective bargaining is a process of private decision-making shaped primarily by market forces while in public employment, it is a process of governmental decision-making shaped ultimately by political forces [...]. The introduction of collective bargaining in the private sector restructures the labour market, in the public sector, it restructures the political process.

What Summers is contending here is that public wage determination must be examined as a part of the governmental process.

¹⁵ E. E. Lawler, *Pay and Organizational Effectiveness: A Psychological View*, McGraw-Hill, New York, 1971; B. E. Kaufman, *op. cit.*

¹⁶ *Op. cit.*

¹⁷ T. Mallier, T. Shafto, *Economics of Labour Markets and Management*, Hutchinson, London 1989.

¹⁸ C. W. Summers, *Public Employee: A Political Perspective*, D. Lewin, (ed.), *Public Sector Labour Relations: Analysis and Readings*, Thomas Horton & Daughters, Sun Lakes, Arizona, 1981.

¹⁹ C. W. Summers, *op. cit.*, 45.

Fogel and Lewin²⁰ took the debate further by explaining that public employers' demand curves are inferred indirectly through voter-expressed demands for government services and directly through political bargaining between government and employee groups, rather than through a marginal revenue product curve. In their view "the construction of a relevant public sector wage model apparently requires a more explicit consideration of the motivations of public managers and public workers, as well as the political processes through which these motivations are filtered"²¹. However, in suggesting a public sector wage determination model, Fogel and Lewin²² assign little to no role to the other interest groups – that is, taxpayers – in the wage-setting processes. To the contrary, Summers²³ argues that the political process involved is not that simple. He warns that public employees have to contend strongly with other interest groups competing for a share of the limited budget money. The other interest groups want to keep taxes as low as possible, while wanting government to improve the services provided.

In supporting Summer's arguments, Omole²⁴ points out that there is a limit to the bargaining power of public servants, as their salaries and wages are paid from taxes, and increases in salaries may necessitate a rise in taxation, a move the government may be reluctant to make because of political implications. Quoting Taylor²⁵, Omole substantiates his claim by asserting that "anticipating and allocating salaries income with a profit objective in the private sector is a function quite different from that in the public sector of levying taxes and formulating a legislative budget with its allocations for free or subsidized services designed to enhance the general welfare of the citizenry". This is because in the private sector, "firms can meet the rising cost of labour in a number of ways. These include raising taxes and increasing efficiency, thereby increasing production of goods. But the public sector employee must contend with budget restrictions and taxation limits".

²⁰ W. Fogel, D. Lewin, *Wage Determination in the Public Sector*, in D. Lewin, ed., *Public Sector Labour Relations: Analysis and Readings*, Thomas Horton and Daughters, Sun Lakes, Arizona, 1981.

²¹ W. Fogel, D. Lewin, *op. cit.*, 373.

²² *Ibid.*

²³ Summers, *op. cit.*

²⁴ M. A. L. Omole, *Collective Bargaining in the Public Sector*, in D. Otobo, and M. Omole, eds. *Readings in Industrial Relations in Nigeria*, Malthouse Press Ltd, Lagos, Nigeria, 1987.

²⁵ G. W. Taylor, *Government Regulation of Industrial Relations*, Prentice-Hall, New York, 1969.

Mallier and Shafto admit that economic analysis alone cannot offer a solution to the problem of pay determination in the public sector. They contend that political forces and organizational structures largely influence pay conditions in public employment through negotiations between representatives of government and trade unions. That is, wage fixation is the result of political struggle and its outcome is largely a function of political power and influence. This implies the ability of one side to inflict expense and loss of public approval on the other. Citing Bowley²⁶, Mallier and Shafto conclude that in the absence of market forces as understood in the private sector, adopting “comparability” and or wage indexation” are two major conceptual approaches of overcoming the problem of pay determination in the public sector.

The implication of the foregoing argument is quite clear. Wage determination in the public sector involves questions that are politically, socially, or ideologically sensitive. For instance, in a democratic dispensation, an elected government in power will be disciplined not by a desire to maximize profits but by a desire, in virtually all cases, either to be re-elected or to move to a better elective office²⁷. As they further contend, what an elected official like the Governor of a State will give to the Union must be taken from some other interest group(s) or tax-payers. His job is that of coordinating these competing claims while remaining politically viable. Moreover, that coordination will be governed by the relative power of the competing interest groups.

As a result, where for example a demand for higher academic staff salaries in the universities is viewed as involving essentially political costs, the governor may be pressured to accede to the union demands, regardless of whether the former is in a position of “ability (or inability) to pay”. In some cases however, the governor may damn the consequences and call off the union bluff. This can be done depending on the union relative strength, and its ability to turn the public against the union.

²⁶ A. Bowley, *Coming to terms with Compensation*. *Personnel Management*, 12, 2, 1980, 14-20.

²⁷ H. Wellington, R. K. Winter, *The Limits of Collective Bargaining in Public Employment*, in Lewin, D. ed., *Public Sector Labour Relations: Analysis and Readings*, Thomas Horton & Daughters, Sun Lakes, Arizona, 1981.

5. The Udoji Commission and the Unified Salary Structure

Admittedly, the major area of friction between the university staff and their employers revolves around wage policy issues and conditions of service, while other matters are relegated to the background. There seems to have been a relatively non-conflictual relationship between university workers and their employers or management at the time universities were established. Things have changed now. Why?

One should recall that between 1960 and 1974 there were only six universities in Nigeria; two federal (Lagos and Ibadan), three regional (UNN, Ife and Ahmadu Bello), and later came the University of Benin. The first five universities formed the basis for the national university system, with Benin joining subsequently. At the beginning, remuneration and conditions of service were unique to the university environment. As Anikpo²⁸ recalls, "University workers were not part of the civil service scale and they earned relatively more than the civil servants especially at the senior level". A professor then earned more than a permanent secretary. At this initial stage too, academic staff earned more than their non-academic colleagues. Accordingly, there was no salary parity between universities and other public servants, nor was there parity between academic and non-academic staff (Otobo, 1987a). Perhaps this might have been possible due to the centralization of the university on the part of the federal military government, which had made university education an exclusive legislative list.

It should be noted also that the pattern of salary determination in the public service was setting up by wage commissions which advised government on what to pay civil servants from time to time. This system was inherited from the colonial days and had overbearing influence in determining remuneration at the universities at least up to 1992.

The Udoji Salary Review Commission set up by the federal government in 1974 seems to have unsettled the peaceful relationships characterizing the institutions. This Commission introduced into the system an element of unification in the salary awards. In recommending its position to the government, the commission noted that "the unified salary structure will establish throughout the public service the principle of equal pay for

²⁸ M. Anikpo, *FGN and ASUU: The Matrix of a Sour Relationship*, in M. Anikpo, ed., *The 2009 ASUU Strike: Issues, Intrigues and Challenges*, Freedom Press and Publishers, Port Harcourt, 2011. D. Otobo, *Bureaucratic Elites and Public Sector Wage Bargaining in Nigeria*. In D. Otobo, M. Omole, *Readings in Industrial Relations in Nigeria*. Malthouse Press Ltd., Lagos, 1987a.

substantially equal work, irrespective of the area of the public sector in which an employee may be engaged” (in Otobo, 1987:261a). As expected, the government accepted this recommendation. By recommending the merger of universities with the main civil service, the Udoji report ensured that academic and non-academic staff and civil servants were placed on the same remuneration scale (Otobo, 1987a)²⁹. The report therefore wiped out the little gains made by academic staff resulting from the previous policy³⁰.

6. The Coockey Commission and the Centralization of Wage Determination

The Udoji salary policy was not accepted by the university academic staff on one major ground: job responsibilities between the civil service and those employed in the tertiary institutions more generally were not similar. Those of the universities, they argued, were much more tedious³¹. What irked the academic staff further was that the Udoji Report awarded a higher pay package to permanent secretaries than to professors, which hitherto was not the case. It has been argued that due to the perceived anti-intellectual stance of the military regime of Gowon, Murtala and Obasanjo – between 1972 and 1979 – the university workers could not express their discontent openly (Otobo, 1987a). The military regimes were not disposed to any form of protest or demonstration from any group in the country. During this state of affairs, many lecturers left the system in what came to be known as the “brain drain” phenomenon.

The emergence of the democratic era in 1979 provided the tonic for trade unions to express their displeasure. The situation was not helped by the assumption of office of the members of the National Assembly. Otobo (1987b) contends that the new legislators proceeded to fix their own salaries awarding themselves exorbitant car loans and furniture allowances, to the consternation of the civil servants. While granting themselves these huge awards, the National Assembly found it not expedient enough to legislate on the workers’ demands. This infuriated

²⁹ D. Otobo, 1987a.

³⁰ O. A. Erinsho, *op. cit.*

³¹ D. Otobo, *State and Industrial Relations in Nigeria*, Malthouse Press, Lagos, 1988.

D. Otobo, *The Nigeria General Strike of 1981*, in D. Otobo, M. Omole, eds. *Readings in Industrial Relations in Nigeria*. Malthouse Press, Lagos, 1987b.

the latter and what followed was a series of work stoppages in all the sectors of the economy.

In the universities, protests mounted over the demand for a separate salary structure and improved conditions of service. In 1981, President Shehu Shagari set up the Cookey Commission to determine remuneration for university workers, as well as funding and development strategies of the university system. Therefore, the Commission consulted widely, analyzed memos and technical reports. In its Reports, the Cookey Commission admitted that two of the principles which guided it in determining the pay structure it offered were:

- Providing salaries and fringe benefits that can attract and retain high-calibre personnel in the university within the economic constraints.
- Encouraging dedication and commitment to the overall objectives of tertiary institutions in Nigeria³².

The Cookey Report submitted in 1982 recommended an equitable salary structure (the University Salary Scale, USS) for all the university staff, irrespective of ownership and location. It also restored the pay differentials, by making remuneration higher than that granted to public servants. These recommendations somehow assuaged the feelings of workers at the university, especially academics. Normalcy then returned to the universities. Yet one needs to ask, did they benefit from the Cookey recommendations?

The first generation of State Universities – apart from Benin which was established earlier – was set up in the early eighties, just at the time the Cookey Report was presented to the federal government. In the old Anambra, Imo, Rivers and Ondo, the state universities appeared to have adopted the University Salary Structure. The governors of these old states – which were subsequently split into more States – were aware of the pivotal role played by lecturers within the University system. They had a vision of what a good university stands for. Aonyekakeyah³³ recounts that

³² F. Ojo, *Personnel Management: Theories and Issues*, Panaf Publishing Inc, Lagos, 1998; E. U. Ingwu, E. N. Ekefre, E. U. Ibli, *Wage Relativities as a Predictor of Absenteeism and Turnover in Higher Educational Institutions in Nigeria*, in *Journal of Research and Development in Education*, vol. 8, 2008, 63-72.

³³ L. Aonyekakeyah, *When State Universities Became a Burden*, in *The National Scholar*, vol. 7, n. 1, 2012, 46-47.

in the old Anambra State, where Governor Jim Nwobodo established the Anambra State University of Technology (ASUTECH):

The university, which aimed at being ranked among the best in the world, paid the experts drawn from abroad commensurate remuneration to keep them. There was no discriminatory salary and allowances package between the federal universities and ASUTECH. The conditions of service were the same. For example, the University Salary Scale (USS), which was negotiated in the early 80's, was unreservedly implemented by ASUTECH without hesitation from the State Government.

This was the stance taken by the other State Universities earlier mentioned. However, can the same be said of State Universities today? What has gone wrong? What is the reason for the escalating crises in these Universities?

7. Introduction of Wage Deregulation Policy

Both Udoji and Cookey Commissions actually introduced what in the industrial relations lexicon is termed centralized collective bargaining or relations. Determination of pay was done at the federal level and whatever was negotiated was then applied across the board. To wit, any salary structure negotiated between ASUU and the federal government was automatically implemented in both the federal and state universities. This may account for the relative peace enjoyed, and the reason that there were fewer strikes. Yet this policy was short-lived.

In the mid-eighties, centralized collective bargaining was deregulated by the Military Government. Then a downturn in the nation's economy followed. The revenue generating capacity of the country from crude oil production could no longer finance most of the developmental projects as well as meet other fiscal commitments. As suggested by Obasi³⁴, the dwindling fortunes in the national economy resulted in capacity underutilization in many industrial and manufacturing firms, high rates of unemployment and inflation, significant domestic and foreign debts, as well as unpaid arrears of salaries. This negative trend required that drastic measures be instituted to revamp the economy. Accordingly, in 1986, President Ibrahim Babandiga introduced the Structural Adjustment

³⁴ I. N. Obasi, *State Labour Relations Under SAP in Nigeria*, Sam Goodman Publishers, Ibadan, 1999.

Programme (SAP). In the view of Okongwu³⁵, the SAP was aimed at promoting economic efficiency and long-term growth, with stabilization policies designed to restore balance of payment and price stability.

The outcome of the SAP policy was massive privatization and commercialization of government's institutions and parastatals. The public service was also not spared with the promulgation of the Civil Service (Reorganization) Decree No. 43 of 1988³⁶. The Decree affected the character and content of industrial relations in the public sector. That is tantamount to saying that uniform wages and salaries were deregulated. Therefore, staff of federal and state universities would no longer enjoy the same pay policy, except where a given state university has the financial muscle to pay its workers what the federal government has approved for federal workers. The deregulation of wages was first enacted in 1991. Its implementation was ineffective, as state and local government workers – including universities – protested unceasingly for the same salary scale each time there was a pay increase by the federal government. The policy was again re-enacted in 1997³⁷, in order to make it effective as state military governors were complaining bitterly of their inability to pay federal government's salary scale to their own workers. It was President Obasanjo who in 2000 ensured that the deregulation of salaries became effective. Wage differentials or relativities that may likely exist now between federal universities and any state university can be traced to this policy. We shall now examine the impact of this policy in the State Universities.

8. Wage Deregulation and the Problem of Pay Relativities

As is often the case in the contemporary world, an innovation which does not bring positive and immediate benefits is likely to be resisted. The same occurs with the deregulation policy, for it affects workers' pay. A university employee who has been receiving the same pay as a colleague of

³⁵ C. Okongwu, *A Review and Appraisal of Structural Adjustment Programme*, July 1986 / July 1987. Special Press Briefing, Federal Government Printer, Lagos, 1987.

³⁶ E. U. Ingwu, F. U. Udey, *Current Economic Reforms and Wage Administration in Colleges of Education in Nigeria*, in *African Journal of Contemporary Issues*, 2008, vol. 8, n. 3, 70 – 83.

³⁷ E. U. Ingwu, *Evaluation of Wage Administration and Job Satisfaction in State Colleges of Education in the South-South Geopolitical Zone of Nigeria*, a Ph.D. thesis submitted to the Department of Adult Education, University of Ibadan, Ibadan, 2004.

comparable status working in a similar but different institution would not take it lightly when he is offered lower pay, which was actually the result of the newly-issued policy. Crises facing state universities after a new wage structure has been negotiated at the federal level emanates from the issue of pay comparability. For instance, an examination of the difference in salary and tax between the academic staff of the federal University of Calabar (UNICAL) and Cross River (State) University of Technology (CRUTECH), Calabar, is presented in Table No. 1

Table No. 1 - Differentials in Pay and Tax Policies between a Federal and State University as at 2007.

1 Salary Level and Step	2 Institution	3 Total Enrolments (Gross Pay in ₦)	4 Tax	5 % Differentials in Salary/ Tax
UASS 1 (6)	UNICAL	60,538.59	415.89	18,462.7
	CRUTECH	42,075.89	3,545.30	(30.5%)
UASS 2 (8)	UNICAL	73,971.57	564.08	20,613.81
	CRUTECH	53,357.76	4,835.17	(27.9%)
UASS 3 (8)	UNICAL	85,040.08	575.03	24,191.35
	CRUTECH	60,848.73	6,374.02	(28.4%)
UASS 4 (9)	UNICAL	116,076.72	793.23	34,544.79
	CRUTECH	81,531.73	9,385.18	(29.8%)
UASS 5 (13)	UNICAL	193,762.64	1,075.87	60,300.93
	CRUTECH	133,461.71	14,321.03	(31.1%)
UASS 6 (10)	UNICAL	218,770.64	1,189.23	64,523.91
	CRUTECH	154,246.73	15,522.23	(29.5%)
UASS 7 (10)	UNICAL	259,563.71	1,318.71	91,789.65
	CRUTECH	167,774.06	18,020.34	(35.4%)

Source: Pay Policies taken from Bursary Departments, University of Calabar/ Cross River University of Technology, Calabar, May, 2007.

A cursory look at the table shows that there is a significant gap between remuneration granted to the academic staff of UNICAL and CRUTECH, with the latter that are in a position of disadvantage. The gap originates for tax varies between 27.9 to 35.4% (See column 5). As one can see in column 4, the tax difference – pay-as-you-earn – appears incomprehensible. As indicated, the more a federal university staff earn, the less they pay in terms of tax. Concurrently, those in the state university who receive a lower salary pay higher taxes. The explanation for this anomaly is not far-fetched. A federal tax provision – Personal Income Tax Act Cap No. 104 of 1993, as amended in 2004 – applies throughout the federation. Many state governments have found it expedient to implement this Tax Law but when it comes to federal pay policies, they complain they have no financial means to implement the policy. This is one of the issues that state branches of Academic Staff Union of Universities (ASUU) disagree with.

Staff unions in the state universities – the Academic Staff Union of Universities (ASUU), the Senior Staff Association of Nigeria Universities (SSANU), and the Non-Academic Staff Union (NASU) – insist on wage parity with their colleagues in the federal universities for the reasons that:

- State and federal universities have similar administrative structures, operate similar curricular and employment conditions, and possess the same job titles.

- They also have similar academic qualifications and face the same promotion criteria.

- As an overarching body, the National Universities Commission (NUC) monitors, evaluates and subjects all universities in the country, irrespective of ownership to similar academic standard(s)³⁸.

On the other hand, the proprietors of the state universities argue that they cannot adopt federal pay because of their limited resources. The consequences of the muscle flexing between the two parties have been quite devastating for staff and the universities.

First, there is the problem of strike or work cessation. Between 2001 and 2009, three salary policies have been negotiated with the federal government by the academic staff. In the case of ASUU, the salary structures include UASS, CONUASS, and CONPUASS. Before each of these salary structures were negotiated, ASUU had to go on strike to force government to the negotiating table.

³⁸ E. U. Ingwu, *op. cit.*

It is unfortunate that strike statistics in the universities are not given separate treatment by the Federal Ministry of Employment and Labour Productivity. However, according to newspaper reports and documents from ASUU branches, the frequency and duration of strikes in state universities is rather high. More worrisome is the fact that state universities had to embark on a subsequent strike after the national one had been suspended. The delay by the proprietors of state universities to implement the recent wage agreement (2009), led to strikes that at the South-East universities lasted between six to twelve months³⁹. At the Cross River University of Technology, the strike lasted for more than six months. The Lagos State University, whose proprietor has the highest revenue generating capacity among the 36 states in Nigeria, was also not spared the agony⁴⁰.

Consideration of conventional measures such as frequency, share of workers involved and duration of the strikes⁴¹ that occur in the state universities as a result of the deregulation policy would be alarming, particularly if the number of man-days lost due to these strikes is also taken into account. The protracted industrial acrimony in the South-South, South-West and South-East State universities left academic activities in shambles. To cite an example: at the Evans Enwerem University, Ibekwe⁴² observed that the institution remained closed for some six months, whereas a semester that was supposed to last for 16 weeks was cut to seven. Students had barely attended lectures for a month when the time-table for examinations came out. According to Ibekwe⁴³, a student was forced to lament that:

Rushing students for examinations would encourage cheating and the churning out of half-baked candidates.

³⁹ O. Obinna, E. Mgbeahurike, *EBSU Takes ASUU to Industrial Court*, in *The Nation*, Thursday, December 16, 2010, O. Oyebanji, *Between ASUU and the South-East Governors*, *The Nation*, Thursday, October 21, 2010, 39. D. Ibekwe, *Varsity Rushes Exam*, in *The Nation*, Thursday, March 17, 2011; A. Olugbamilua, *Anambra Varsity Increases Fees by 150%*, *The Nation*, Thursday, February 17, 2011.

⁴⁰ A. Olugbamilua, N. Ashogbon, *Strike Paralyzes Lagos Tertiary Institutions*, in *The Nation*, Thursday, October 7, 2010.

⁴¹ T. Fashoyin, *Industrial Relations in Nigeria*, Longman Nigeria Limited, Ikeja, Ibadan, 1992.

⁴² D. Ibekwe, *Varsity Rushes Exam*, in *The Nation*, Thursday, March 17, 2011.

⁴³ D. Ibekwe, *op. cit.*

The foregoing comment brings us to the second issue to be discussed. What do students learn? Strikes have resulted in the state universities trimming many academic programmes, with lecturers feeling demoralized to teach. Evidently, when the strikes are over, lectures are rushed in order to catch up, and in most cases, the course contents are not fully covered. Moreover, with the overcrowding of lectures, students do not learn effectively. As a result, doubts can be cast about the effective quality of the graduates. Lamentably, Aonyekakeyah⁴⁴ admits that, “state universities rather than leveraging university education have turned out to become a burden on the states with unpleasant consequences on the country’s youths”.

The quality of Nigerian universities and their graduates has continued to be a major concern among stakeholders. The international community, consumers and funders have lost confidence in the degrees awarded in our universities⁴⁵. The widely held view is that graduates of the Nigerian university system are half-baked and ill-equipped for the world of work⁴⁶. It is not surprising that many of them cannot express themselves, or convincingly defend the class of degrees they obtained from the university. Therefore, what competence, skills and knowledge do they possess to contribute to nation building when their examination and projects are written for them by mercenaries?

9. Multi-Employer Bargaining and the Resolution of Wage Crises

Along this paper, two major consistent complaints of the states against the federal government can be discerned. The first is that the federal government unilaterally sets “new” wages without involving the State Governors in the negotiations to determine remuneration. Such involvement would have helped to avoid the spill over effect. Secondly, not all the states are equally financially endowed like the federal government; hence payment of “jumbo” wages – as the states claim – is not practicable. Ironically, when the university workers embark on industrial action for a long time, the states often capitulate at the end

⁴⁴ L. Aonyekakeyah, *op. cit.* E. Gbenenye, *ASUU UNIPORT and the 2009 University Teachers Strike: A Documentary*, in M. Anikpo, ed., *The 2009 ASUU Strike: Issues, Intrigues and Challenges*, Freedom Press and Publishers, Port Harcourt, 2011.

⁴⁵ *Ibid.*

without rationalizing the workforce⁴⁷, as it happened recently. The federal government has also maintained that the states have all along been represented by the state vice-chancellors in the federal government's negotiating team⁴⁸. The snag here is that state vice-chancellors do not generate funds of their own. They merely inform governors of what happened, and cannot compel the chief executive of the state to pay.

It is for these reasons that this paper recommends the multi-employer bargaining model as an alternative approach to wage determination in the federal and state universities in Nigeria. We encourage the recourse to this model because the multi-employer bargaining structure is likely to operate in the Nigerian environment where:

- Employers of State Universities are in close geographical proximity to one another, and compete for the bulk of their labour in the same labour markets

- Competition in the labour market has made it possible for individual employers to look to other employers for comparative data to use at the bargaining table and is affected by the same terms of bargaining settlements in nearby universities.

- Moreover, employers of state universities deal with the same unions, and each employer tends to be small relative to the union.

- Finally, the products of these universities are relatively undifferentiated⁴⁹. That is, the graduates of these universities are the same, having gone through the same course contents.

It is these and other prevailing conditions that make university unions argue that the decentralization of pay bargaining and other conditions of service being advocated by the federal government is untenable. And as Korczynski⁵⁰ has suggested, whichever party's preference prevails or is

⁴⁷ M. Anikpo, *op. cit.*

⁴⁸ ASUU – University of Calabar Branch, *Agreement between the FGN and ASUU*, 1, ASUU University of Calabar Branch, Calabar, 2001.

⁴⁹ P. Feuille, H. Juris, R. Jones, M. J. Jedel, *Multi-employer Negotiations among Local Governments*, in D. Lewin, P. Feuille, T. Kochan, eds., *Public Sector Labour Relations: Analysis and Readings*, Thomas Horton and Daughters, Sun Lakes, Arizona, 1981.

⁵⁰ M. Korczynski, *Centralization of Collective Bargaining in a Decade of Decentralization: The Case of the Engineering Construction Industry*, in *Industrial Relations Journal*, vol. 28, n. 1, 1997, 14-26.

stronger, would eventually determine changes in the level of bargaining structure. The incessant disruption of academic activities in Nigerian universities has led to a loss of public confidence in academic standards and points to the direction that the ASUU stance on the same pay policy should be taken seriously.

Multi-employer bargaining is a centralized bargaining structure in which a number of employers develop formal consortia or coalitions to reach master agreements with employee unions⁵¹. What this simply means is that in fixing wages or conditions of service for universities, the federal government – the employer of staff of federal universities – and the state governments – as state university employers – can band together or form a coalition of employers on one side and bargain with ASUU – which represents academic staff of all universities – on the other, in order to arrive at a single wage structure and common conditions of service

In the Nigerian context, for the model to be effective and efficient, governors of the six geo-political zones can each send a single representative to band with the federal governments. This is necessary because each zone has its own peculiarities. Some zones are richer than others, like South-South and North East for example. Each of these zones will present its own position in terms of remuneration. From here, a common position about what they can pay would be agreed upon, before bargaining with the union in question.

One major advantage with this model is that by banding together, both the federal and state governments can present a common front and also bargain from a stronger position with a powerful union like ASUU. Secondly, once a common wage agreement has been successfully negotiated with ASUU, the problem of leap-frogging or whip-sawing will be nipped in the bud. Leap-frogging or whip-sawing are tactics often employed by ASUU to force state universities to pay what federal government has negotiated with its own academic staff in federal universities. It is these tactics that are the cause of incessant strikes at the universities.

⁵¹ K. Wetzel, C. Maxey, D. G. Gallagher, *Management and Union Assessments of Multi-Employer Bargaining in Health-Care: A Canadian Example*, in *Journal of Health and Human Resources Administration*, 7, 4, Spring, 1985, 445-459.

10. The Implementation of Multi-Employer Bargaining Agreements

Will the agreements concluded between the consortium of governors and the presidency on the one side and the academic staff union of universities on the other side be faithfully implemented by all the state governments at their universities if the multi-employer bargaining model is adopted? The succeeding sections below might answer the question.

Indeed, there is a perceived fear by some critics that not all governors may effect implementation in the light of their experiences with periodic wage increases in Nigeria. For instance, in 2011 the Tripartite Committee of Labour was established by Justice Alfa Belgore, some government officials and the representatives of the private sector to review the minimum wage in Nigeria. After exhaustive negotiations, a minimum wage (N18,000.00) was agreed as a benchmark. This was signed into law by the President in April. The same month was approved as the effective date for implementation in all the States of the federation. Two years after the approval, 9 out of 36 states are yet to implement the minimum wage⁵². Governors of these states refer to “unequal endowments among states” and “the inability to pay” as major reasons for incompletion. The issue is: were they not party to the collective agreements during the negotiations?

It is highly probable that the committee set up to review the minimum wage was not properly constituted. For instance, were those who served as government officials in the committee selected by the Federal government or the States? If the latter were not consulted in appointing members of the committee, the N18,000,00 benchmark agreed upon may not reflect the actual wish of all the state governors. Hence, the refusal by some state governors to implement the minimum wage, claiming that it is on the high side. One should recall that the 2011 minimum wage negotiating committee is akin to the tripartite committee often set up by the federal government to review ASUU’s demands, including salary increases. On the federal/state governments’ side, three vice-chancellors from state universities are often selected into the negotiating team without the consent of state governors. This is done in the hope that the benchmark arrived at may filter back to the proprietors of state universities, who are then expected to comply. The problem here is that these vice chancellors do not actually know the actual financial situation

⁵² D. Olaye-Osinkolu, *Minimum Wage Will Remain Topical*, in *The Nation*, February, 4, 2013, 38.

of their state governments, which almost always refuse to implement the agreements on the ground that they were not part of the negotiations.

One should also note that at the time the minimum wage was negotiated many state governors were preparing for governorship elections which were just one month away. No governor was ready to lose being re-elected, so they all conceded to labour demands. It is unfortunate that after re-election into office, some of them turned back to tell the workers that the state budget cannot carry the minimum wage⁵³.

It is true that not all the states in Nigeria are equally endowed. Some states are being alluded to as super-rich, some moderately rich and others are poor. Nigeria operates a federal constitution, though a weak one. Power is concentrated at the centre. Much of the revenue generated in Nigeria is collected by the federal government. This is then redistributed to the states and local governments every month as their share from the federation account as determined by the revenue sharing formula. It is shared on the basis of such aspects as equality of states, population, internally generated revenue, and so forth. States whose natural resources generate much revenue to the federal coffers receive an additional share, like those in the Niger Delta region where crude oil is manufactured. It is for this reason that States like Akwa Ibom, Delta and Rivers which net additional N10billion and above from the 13% derivation fund, along with Lagos State are said to be rich. Therefore, other states like Jigawa, Taraba, Yobe, Zamfara, which depend solely on what is shared from the federation account without any other source of income are said to be poor. This is where many critics tend to believe that the introduction of multi-employer bargaining in setting wages in the state universities or the public sector may not work.

However, we are convinced that given this type of background, multi-employer bargaining is likely to thrive because it operates on the principle that employers in the same industry may not be equally endowed. Nigeria as a nation has six zones, with each having its own peculiarities. When the States in each of these zones band together, the interest of each zone is taken into consideration before the “benchmark” as well as the “ceiling” is set, so that presumed “poor” states cannot pay below (benchmark) and the “rich” ones do not pay above the ceiling-rates.

It is instructive to note that there is a Nigerian Governors Forum that is established to protect its members' interests. The Forum is so powerful that it thwarted the efforts of the National Assembly to amend an aspect

⁵³ *Ibid.*

of the constitution requiring fiscal allocation from the federation account to be sent direct to the local governments and not through the state governments, as is presently the case.

Moreover, the Governors Forum seems to have diminished any ideological differences between the different political parties that they belong to. As far as these writers are concerned, there is no qualitative difference between the political parties in Nigeria. Their approach to governance is the same whether in the People's Democratic Party (PDP), Action Congress of Nigeria (ACN), All Progressive Grand Alliance (APGA), Congress for Progressive Change (CPC) or All Nigeria's Peoples' Party (ANPP) controlled states. PDP, the dominant party controls two-thirds of the states. The issue of whether all states can or cannot pay any minimum benchmark that may be agreed upon is therefore relative. In the history of periodic wage increases in Nigeria, no state government – military and civilian alike, rich or poor – has ever accepted it is capable of implementing any “new wage structure”⁵⁴. Even among the states that are perceived to be rich, they do initially complain that their state budgets cannot carry the wage increases. Ironically, it is when workers embark on serious and prolonged strikes that these governments, one by one, capitulate and consent to workers demands⁵⁵. This shows that there is no benevolent capitalism anywhere.

A major problem envisaged by the present paper which may affect the implementation of an agreed benchmark in any state university is the high level of corruption and profligacy among politicians in Nigeria – the presidency, governors and the legislators. Several commentators in the Nigerian tabloids and journals⁵⁶, have noted that Nigerian politicians along with their senior administrative elites in the civil and public services “do not conceive of public office as an opportunity to serve but to appropriate public funds for their private use”. Why would the legislators jettison salaries fixed for them by the National Salaries, Incomes and

⁵⁴ E. U. Ingwu, *Evaluation of Wage Administration and Job Satisfaction in State Colleges of Education in the South-South Geopolitical Zone of Nigeria*, cit.

⁵⁵ M. A. L. Omole, *op. cit.*

⁵⁶ D. Ootobo, *Bureaucratic elites and public sector wage bargaining in Ootobo*, in D. Ootobo, M. Omole, eds. *Readings in Industrial Relations in Nigeria*, Matthouse Press Ltd., Lagos Nigeria, 1987a; U. Awuzie, *Text of ASUU Press Conference Delivered at the End of National Executive Council (NEC) Meeting, Held at Ahmadu University, Zaria, 15 – 16 May*, in *The National Scholar*, vol. 8, n. 1, 2011, 12-16. S. Sawyer, *Controversies over Payment of Minimum Wage Set Labour and State Governments on a Collision Course and Raise Fundamental Questions about the Nature of Federalism in Nigeria*, Tell Magazine, 25, June, 2011, 27. D. Olaoye-Osinkolu, *Minimum Wage: Labour Threatens Governors*, in *The Nation*, October, 15, 2012, 39.

Wages Commission and proceed to fix salaries for themselves? On their part, the state governments complain that if they are to pay any periodic wage increases, there will be no money left for capital and infrastructural developments. Yet it is the exorbitant sums of money appropriated for the execution of capital projects that enhance profligacy among governors and civil servants (Otobo, 1987b). Over invoicing and inflation of contracts is the business of politicians in governance. Many former state governors have either been convicted in European courts for laundering their state monies; or arraigned by the Economic and Financial Crimes Commission for embezzlement of funds running to billions of Naira (See Tell Magazines, April 30, 2012, pp. 52 – 56). At the federal level, ministries do not release up to 50 percent of the budget meant for infrastructural development. At the end of the year, what is deliberately left or kept aside is shared between the ministers, permanent secretaries and senior public servants rather than being returned to the state treasury. This behaviour of politicians runs counter to the claims of Fogel and Lewin⁵⁷, that politicians do not seek public offices for profit motives. It is our belief that if profligacy and corruption is minimized and the state governments trim down the size of their officials, there is no state government that cannot pay the benchmark.

We need not labour the issues here any longer but suffice it to say that the implementation of benchmark agreements arising from the application of multi-employer bargaining model in determining salary outcomes depends in part on the integrity, sincerity and the political will of the state governments to accomplish it. And more so on the relative power of ASUU in forcing the states governments to implement the benchmark agreement should the later renege. Fashoyin (1977) admitted a long time ago that multi-employer bargaining arrangements – as the experience in the banking industry in Nigeria reveals – will put an end to comparison as a basis for increasing wages.

⁵⁷ W. Fogel, D. Lewin, *op. cit.*, T. Fashoyin, *Multiemployer Bargaining in Nigeria: The Banking Model, Management in Nigeria*, vol. 13, n. 7, 1977, 30-45.

11. Conclusion

In this paper an examination has been presented of major trends in wage reforms in Nigerian universities. Initially, the centralization of wage bargaining presented a common pay structure that was welcomed by all staff of the universities in Nigeria, especially the academic staff. This augurs well for the system as there were fewer strikes. Pay disparity between academics and non-academic staff was not much of a problem, as it did not ground academic activities.

The reforms that ushered in pay differentials among staff of the universities have not helped the system to thrive and prepare students for a better world of work. The backlash of these reforms is that students spend more time at home than in school. In the end, they are awarded degrees without possessing competence in their chosen fields.

The 2009 ASUU – FGN agreement shall soon expire. Another round of negotiations will begin. The problem may resurface as before. To forestall the whip-sawing tactics, this paper recommends the adoption of a multi-employer bargaining model by the federal and state governments to resolve the problem of pay differentials in Nigerian universities.

Adapt International Network



ADAPT is a non-profit organisation founded in 2000 by Prof. Marco Biagi with the aim of promoting studies and research in the field of labour law and industrial relations from an international and comparative perspective. Our purpose is to encourage and implement a new approach to academic research, by establishing ongoing relationships with other universities and advanced studies institutes, and promoting academic and scientific exchange programmes with enterprises, institutions, foundations and associations. In collaboration with the Marco Biagi Centre for International and Comparative Studies, ADAPT set up the International School of Higher Education in Labour and Industrial Relations, a centre of excellence which is accredited at an international level for research, study and postgraduate programmes in the area of industrial and labour relations. Further information at www.adapt.it.

For further information about the E-journal and to submit a paper, please send a mail to LS@adapt.it.