

The Use Of Wage Commissions To Determine Wages Of Public Service Employees And Wage – Related Industrial Unrest: The Nigerian Experience.

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Abstract:

This paper examined the relationship between the frequent use of Wage Commissions by government to determine wages of employees and wage-related industrial unrest in the public service in Nigeria. In Nigeria government plays dual in the Industrial Relations System; it is the only employer of labour in the public sector and also makes rules that regulate the Industrial Relations System. Government therefore takes undue advantage of this peculiar circumstance and interferes unnecessarily with the workings of the Industrial Relations System. One of the major avenues through which this interference is achieved is the frequent use of Wage Commissions to determine wages of workers in the public service instead of the collective bargaining machinery. This situation frequently leads to industrial unrest because workers are not usually represented in these commissions and as a result their interests are hardly protected. This explains why the recommendations of the commissions are often greeted with widespread protests and agitations that most times degenerate to industrial unrest. This paper contends that government resorts to the use Wage Commissions to determine wages of employees in the public service simply because it does not want to negotiate with workers. Workers through their unions would ordinarily want to get their entitlements from government and that is exactly what government tries to avoid and therefore prefers the use of Wage Commissions where workers are not represented and they always respond to this situation through industrial unrest. This paper therefore recommends the frequent use of collective bargaining as the best method of determining wages of employees as well as settling other conditions of employment because it offers all the parties the opportunity to freely express themselves by putting their demands on the table and gray areas are amicably resolved between the parties.

Key Words: *Wage Commission, Industrial Relations System, Collective Bargaining, Employees, Industrial Unrest, Public Service, Wage, Wage Determination.*

Introduction

Nigerian governments demonstrate a predilection for the use of Wage Commissions, Wage Committees or Wage Tribunals for determining wages of employees in the Public Service, instead

of the collective bargaining machinery. Owoye (1993) affirms that in Nigeria, government intervention in wage and salary administration is usually through appointed Wage Commissions. Owoye (1993) further contends that since 1941 almost all major review of public sector wages

and salaries were carried out by means of Special Commissions or Arbitration Tribunals. Between 1940 and 1959, the Bridges, Davies, Harragan, Miller and Gorsuch Commissions were established to fix wages and salaries in the Public Sector. Consequently, many Scholars of Industrial Relations posit that the use of Wage Commissions for wage determination in the Public Sector generates industrial relations crisis that lead to industrial unrest (Yesufu, 1984; Ubeku, 1986; Aderogba, 2005; Kester, 2006). Their argument is that since trade unions do not make any input into the recommendations of the Commissions as is the case in collective bargaining, it is always difficult for them to adequately take care of the yearnings of workers in the Public Service, a situation that leads to protests and widespread strikes. Chienye (1984) also observes that wage settlement through Arbitration or Wage Commission is very defective in nature and operation in workers' eyes and provides fertile ground for industrial unrest. Some of the Commissions have in their reports made it clear that collective bargaining remains the best method for determining wages of employees

(Aiyede 2002). For instance, with regard to negotiating wages, the Adebo Commission upheld the position of Morgan's Commission that collective bargaining was the most desirable means of determining wages and conditions of work (Aiyede, 2002). Even with this admission, the continued usage of Wage Commissions by the different governments was not abated.

Rather than allow bilateral negotiations in the determination of wages, successive governments in Nigeria prefer the use of Semi-judicial Commissions and Tribunals for wage determination, especially for workers in the Public Service (Adesina, 1995; Aderogba, 2005). According to Ubeku, (1986) and Kester (2006), practically every major demand by workers for wage increase or rewards since the Second World War has been "settled" not through collective bargaining machinery, but by Special Committees, Commissions or Arbitration. The replacement of collective bargaining with Wage Commissions in the Public Sector by successive governments in Nigeria is not without its own problems. Fashoyin (2005), for instance, opines that the use of

Commissions for wage reviews usually come with serious disabilities which compound labour relations in the Public Sector. It is therefore important to investigate the relationship between the use of wage commissions to determine wages of employees and frequent industrial unrest in the public service in Nigeria.

Conceptual Clarifications

Some important concepts used in this work are clarified so as to remove any ambiguities pertaining to their meaning in the context of this work. The concepts are as follows;

Wage Commissions; These are commissions usually set up by government to review and make recommendations on wage structures, gradings and relativities in the public sector, although some of their recommendations also apply to the public sector. Wage Commissions according to Williams and Adam Smith (2006) are ostensibly independent institutions whose members are appointed by the government, which after evaluating appropriate data and submissions from interested parties such as trade unions make non-binding recommendations to the government on

pay increases, and any other relevant matters within their limit. Fashoyin (2005) describes Wage Commission approach to wage determination as one under which governments periodically appoint Tribunals to review and recommend appropriate wages or salaries and other conditions of employment which shall apply to public sector employees.

Public Service; refers to service provided by government to people living within its jurisdiction, either directly (through the public sector) or by financing provision of services. In other words, service provided or supported by government or its agencies (Wikipedia, 2014). Service performed for the benefit of the public, especially by a non-governmental organization. Public service also refers to the business of supplying an essential commodity, such as water or electricity, or a service, such as communication, to the public.

Employees; These are individuals who work on part-time or full-time basis under a contract of employment whether oral or written, express or

implied, and have recognized rights and duties, also called workers.

Wage; employers usually see wage as all costs incurred for the recruitment and use of labour in their enterprises. These include direct wages, fringe benefits, social security benefits paid to the employees and other costs incurred for occupational safety and health and human resource development. Employers are therefore concerned with the total cost of labour. Workers on their own see wages as the direct payment received for work done (Kessler, 1995; 2000).

Duncan (1989) and Poole and Jenkins (1998) posit that workers are concerned with the immediate quantum of disposable income, although they recognize that fringe benefits associated with terms and conditions of employment and all other benefits in cash or kind are also part of wages. The types and quantum of fringe benefits vary with countries. It is determined through government intervention with legislation and collective bargaining between employers and trade unions. It is therefore a result of tripartite

consultation and agreement (Milkovitch and Newman, 1990).

According to Armstrong (1999), the main components of payment systems include; basic pay, productivity incentives, social security, fringe benefits such as medical benefits, paid leave and allowances. Some of the allowances include rent in lieu of quarters, basic amenities for electricity, water, transport, subsidies for education of children, and Domestic Assistants (Armstrong, 1999; Bratton, 1999).

Industrial unrest; is a generic term that covers all forms of industrial actions undertaken by workers and employers to express their dissatisfaction in the workplace (Anugwom, 2007). Although, strike is the most popular form of the manifestations of industrial unrest in any society, there are other forms, which do not attract much notice or public attention. Yet this latter category accounts for a significant proportion of labour - Management dispute (Fashoyin, 2005). The other forms through which industrial unrest manifests itself are mainly used by workers and their unions as pressure methods on the employers

to win their demands (Fashoyin, 2005). The types of action in this category include, work-to-rule, over time ban, lock-in/out, and intimidation (Fashoyin, 2005).

Wage Commissions and Wage-Related Industrial Unrest in the Public Service in Nigeria: A Theoretical Review.

Collective bargaining had been recognized as a better way of regulating industrial relations than the alternative periodic setting up of Commissions for the review of wages and salaries by both Udoji and Cookey commissions of 1972-74 and 1981 respectively (Aiyede 2002; Fashoyin 2005). According to Yesufu (1984) and Adesina (1995) the ad hoc commission method of determining wages not only falls short of democratic industrial relations standards, but it is also essentially unstable. In the effort to satisfy all parties, such commissions typically end up satisfying none. Expectations on all sides are usually, in the language of the Udoji Commission wild, and in the absence of voluntary negotiations, those whose expectations are not met (virtually every party) resort to measures that threaten industrial

harmony in order to achieve what they did not get through ad hoc commissions (Aiyede, 2002; Aminu, 2008).

The establishment of independent commissions in Nigeria since 1934 to review wage structures, grading, and relativities in the Public Sector would seem to suggest either a continuing belief in its efficacy for determining remuneration and job classification, or else, this method has become inevitable for reasons that remain to be discovered. Otopo (1986) went on to assert that evidence strongly suggests that although their findings and awards have hardly promoted industrial harmony, however defined, these Tribunals are likely to persist because they represent the least controversial way of distributing money wages, non-wage benefits, and of allocating coveted positions amongst competing elites in the Public Sector.

Fashoyin (2005) opines that typically the scope of work of Commissions is all embracing, covering a spectrum of subjects such as wages, salaries, marketing and trade, transportation, social welfare, government re-organization, management

policies and so forth. In the case of Udoji Commission of 1974, for example, of the four major tasks assigned to it, the wage aspect was the fourth in the list. Yet this ranking did not stop the wage issue from becoming the focal point of the Commission's assignment throughout its life. The unsettling aspect of the wage commission approach quite apart from undermining the collective bargaining machinery in the public sector is its crippling effect on collective bargaining in the private sector (Fashoyin, 2005).

During the colonial era in Nigeria negotiations and consultations on wages were restricted to public administration and by mainly European officers who by 1897 were not more than ninety (90) (Fashoyin, 1980; Yesufu, 1984). Colonial labour policy during this period was more a response to demands and protests against working conditions and wage rise by workers. This situation has hardly changed and according to Ubeku (1986), Wage Tribunals and Commissions were major features of this response. The first of those Commissions was the Hunt Committee set up in 1934 and charged with the responsibility of

reviewing the wages of unskilled workers and to determine reasonable standard of living for labour. The Bridges Committee of 1941 reviewed wages of African government workers in Lagos and recommended compensatory increase subsequently, called cost-of-living awards. Harragin Commission of 1945 reviewed salaries of 'established' government staff. Tudor Davis Commission of 1946 was appointed in the wake of June 1945 general strike and granted workers demand for cost of living allowance (Fashoyin, 1980; Yesufu, 1984; Ubeku, 1986). Miller Committee of 1947 looked into wage rates of daily paid workers. Cowan Enquiry of 1948 investigated and reported on methods of negotiations between government and employees in state owned industrial establishments. The Cowan Enquiry also introduced Whitley Councils. Filtzgerald Commission of 1949 examined the circumstances leading to violent protests and deaths, such as the Enugu Coal miners protest. Gorsuch Commission of 1954 reconciled the salaries and fringe benefits of federal and regional civil servants (Fashoyin, 1980; Yesufu, 1984;

Ubeku, 1986). So many other Commissions, Committees and Enquires had been set up by successive governments in Nigeria to determine wages of employees mostly in the Public Service. The last for now is the Belgore Committee that determined the current Minimum Wage of N18,000. These Commissions, Committees, and Enquiries constitute significant twists and turns to the evolution of labour relations practice in Nigeria.

In spite of the absence of any explicit public policy on its use in Nigeria, Wage Commissions seem to have derived their legitimacy from three contending perspectives (Fashoyin, 2005; Aminu, 2008). The first is the doctrine of sovereignty, which rests on the idea that government represents sovereign power and as such only it could determine employment conditions. Acceptance of this doctrine means that government will be the sole determinant of wages and other employment conditions in the Public Sector (Fashoyin, 2005; Aminu, 2008).

The second argument in favour of Wage Commission according to Fashoyin (2005) derives

from the often stated policy which emphasizes government's commitment to a fair wage and equity in employment situations and particularly in industries where conditions of employment do not reflect general economic trends. This would be the case where unions are not strong enough to deal firmly with management in order to produce beneficial rewards to workers (Fashoyin, 2005).

The third explanation draws on political consideration and the tendency of political leaders to use the wage issue to achieve specific objectives. Besides, the government, especially in a politically unstable developing economy, may seek to use the compensation system as a means of ensuring the support of workers (Fashoyin, 2005; Aderogba, 2005). The size and influence of public sector employment in the third world countries is also critical in winning support, either to bring a government to power or in the implementation of its programmes, even if this amounts to simply remaining submissive or unfrontational to the ruling elite (Aiyede, 2002; Fashoyin, 2005; Aminu, 2008). The evidence in Nigeria supports the above point. The

major Wage Commissions generally have been set up, not in response to economic considerations but depending on political circumstances of the ruling elite.

Studies conducted by Sonubi (1973), Aiyede (2002), and Aminu (2008) have pointed out the effects of Wage Commissions on industrial disputes. These studies showed that strikes and man-days lost increased after each wage award. The data on strikes showed the average annual number of strikes and man-days lost to be 26 and 213,073 respectively for the 1940-1959 periods. In contrast, between 1960 and 1990, the annual average number of strikes and man-days lost increased by 360.16 percent and 450.31 percent respectively. To a large extent, the increases in the number of strikes and man-days lost during the 1960-1990 periods could be attributed partly, to the various Wage Commissions. In addition, these studies gave different reasons for the positive effects of Wage Commissions on industrial disputes. The chief among these reasons was the opposition of employers in the private sector to the idea of government intervention in wage

determination. As a result, they were reluctant to follow the wage recommendations outlined by the various Wage Commissions. Similarly, the labour unions were also opposed to government interference in wage determination, although, unions opposition can be characterized as ambivalence. The point of departure in unions'-employers' opposition to government intervention in wage determination usually occurred when Commissions' recommendations involved wage payment, especially when such payments are retroactive. Generally, workers in the private sector have not hesitated to use strikes as a weapon to force employers to comply with the wage rates set by the Commissions. Another reason pointed out was the fact that the unions and employers have no representatives in the makeup of the Wage Commission, a situation that contributes to the antagonism which usually manifest in the form of strikes (Sonubi, 1973; Aiyede, 2002; Aminu, 2008).

The theoretical thrust of this paper is the social action theory. The social action theory is associated with the German sociologist Max

Weber. Weber's entire sociology, if we accept his words at face values, was based on his conception of social action (Turner, 1983). He differentiated between action and purely reactive behaviour. The concept of behaviour is reserved, then as now, for automatic behaviour that involves no thought processes. A stimulus is presented and behaviour occurs, with little intervention between stimulus and response. Such behaviour was not of interest in Weber's Sociology. He was concerned with action that clearly involved the intervention of thought processes (and the resulting meaningful action) between the occurrence of a stimulus and the ultimate response. To put it slightly differently, action was said to occur when individuals attached subjective meanings to their action. To Weber the task of sociological analysis involved the interpretation of action in terms of its subjective meaning (Weber, 1921; 1968).

A good, and more specific, example of Weber's thinking on action is found in his discussion of economic action, which he regarded as a conscious, primary orientation to economic consideration, for what matters is not the objective

necessity of making economic provision, but the belief that it is necessary (Weber, 1921;1968). In embedding his analysis in mental processes and the resulting meaningful action Weber (1921; 1968) was careful to point out that it is erroneous to regard psychology as the foundation of the sociological interpretation of action. Weber seemed to be making essentially the same point made by Durkheim in discussing at least some nonmaterial social facts. That is, sociologists are interested in mental processes, but this is not the same as psychologists' interest in the mind, personality, and so forth.

According to Stark (2007), social action refers to an action which takes into account the actions and reactions of individuals. To Weber, an action is social if the acting individual takes account of the behaviour of others and is thereby oriented in its course. The concept was primarily developed in the non-positivist theory of Max Weber to observe how human actions or behaviours relate to cause and effect in the social realm (Stark, 2007).

The social action theory stresses the ability of individuals to exert control over their own actions.

The individual is no passive receptacle of society's directives, but an active creator of social behaviour, so it is society which is constructed by the individuals and not the other way round as the social system theory believes. Human beings are capable of conscious thought and this enables them to be aware of themselves and others as social beings. Social action theory sees people interpreting and giving meaning to the actions and motives of others (Stark, 2007; Nnonyelu, 2009).

Max Weber's theory of social action enables us to have 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 response 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

favourable employment conditions in the Public Sector crucially important. Besides, labour-management negotiations are achieved through informal means or through political pressure mounted by the unions. Banjoko (2006) sees government as having arrogated to itself the role which both employers and employees ought to perform in industrial relations. Although, government as a state authority set-up councils to negotiate for wage increases and other conditions of employment in the Public Sector, events in recent years have shown that government has taken over the system of wage determination in Nigeria. Instead of allowing collective bargaining to prevail, government resort to establishing Wage Tribunals as a means of fixing and reviewing wages. Consequently, collective bargaining has been relegated to the background in the Public Sector, and workers frequently react to this fundamental anomaly in wage determination process using the instrument of strike action (Imafidon, 2006).

Conclusion

The use of Wage Commissions remains the dominant method of determining wages of workers and other working conditions in the public service in Nigeria. 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 been blamed for the high frequency 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 want workers to have all that is due to them in terms benefits, hence the frequent use of Wage Commissions.

Workers are not usually represented in Wage Commissions and as a result their interests are not adequately taken care of. 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 more frequent use of the collective bargaining machinery as the best method of determining employment conditions of workers including wages. Well-established and deeply entrenched collective bargaining machinery would obviously go a long in drastically reducing the frequency of wage-related industrial unrest in the public service in Nigeria.

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