**SECOND DRAFT**

**CHAPTER NINE**

Opute, J

**Fragmented Democracy and Employee Participation – Nigeria**

# INTRODUCTION

Many developing economies lack ‘consistent democracy’ leading to several infrastructural and societal challenges in business management. Their controversial evolution towards viable democratic structures has a considerable consequence for the wider world. On the other hand, the promotion of employee participation through such structures as collective bargaining has created a new contour in the process of trade union development, which if properly harnessed, will lead to business efficacy and generate the so much heralded wealth for sustaining these economies (Xhafa, 2014). Commentators reviewing developments in management and labour relations in Africa have sought to treat the continent as a homogenous cultural entity, which is an assumption to be challenged (Adeleye, 2011). The chapter focuses on the changes to work and the notion of participation and democracy in Nigeria as an example of a developing nation in Africa. It also examines the emerging forms of labour relations such as employee participation, collective barraging as well as the role of the state, the trade groups and employer associations - a view which is shared by some authors (Koçer and Hayter, 2011). Furthermore, it captures historical perspectives on democracy which underpins much of African affairs today. This is covered in the accompanying sub sections of the chapter. The intention is to address key and emerging issues that contribute to the robustness of the discussions on the evolving democratic settings of Nigeria and the interface with culture and labour relations.

The starting point is the discussion on the role of colonisation in Africa. The scramble for Africa was the occupation, division and colonisation of African territory by European powers during the period between 1881 and 1914 and this lasted until the late 1950s and early 1960s when independence was gradually being achieved by the respective states. Labour relations took the central place in all the struggles for democracy and so the initial outcome of democratic process was extended to the labour relations in many developing economies albeit this faced different contours (Ayittey, 1992; Nkomo, 2011). Some of these are related to imperialism that took a prominent place in several African countries and robbed the continent of some key cultural underpinnings (Hack-Polay, 2018). Colonialism, imperialism and neocolonialism have given rise to modern organisations in Nigeria which mirrors the organisation of work in the former colonial powers, mainly Britain, France, Portugal and Spain. Contemporary organisations in Africa are therefore a legacy of domination. These were likely to cause disruptions to the societal and organizational arrangements, including labour relations and the sourcing and management of people. The chapter draws the attention to the need for management and labour processes which are congruent with Nigerian cultural values but at the same time can respond to the constraints of globalisation as a way of enhancing the sustainability of contemporary African organisations.

 **DEMOCRACY AND EMPLOYEE PARTICIPATION**

With several countries in Africa now independent, it should be recognised that these states were previously under colonial rules and it is worth investigating if the effect of the colonial rule remains prevalent (Ayittey, 1992) and whether these can be examined from a comparative narration and to investigate the similarities, differences and the extent to which these past experiences influence labour relations in Nigeria. Labour relations is a significant area on which these recent developments have had a dramatic impact and redefining relationships between institutional structures, decision making processes and the key actors in the employee relations system is essential in this new global environment. Concomitant with this understanding is the recognition that an effective employee relations system is an important determinant of economic performance.

The field of employee relations and human resource management in many developing economies, particularly Africa lacks significant contributions in terms of depth of studies and empirical findings. HRM practices are often labelled administrative and clerical as opposed to more strategic endeavours (Okpara and Wynn, 2008; Kamoche *et al.,* 2004) to help organisational performance. Most publications have dealt with the development of human resources management but there are limited publications on the narrow focus of comparative labour and employment relations, particularly from the perspective of colonial imperialism across the region on the one hand and the nature of these interconnectivity across the regions (Adeleye, 2011) As a result, the ailments of African organisations is in part to the failure of HRM and labour relations in addition to political mismanagement (Kamoche, 2002). Apart from the paucity of publications in this area, there appears to be limited publications from African authors with the required exposure and working experiences in many of these economies. This may not be because of lack of interest or availability but in several cases, funding has remained a great limitation.

Thus, this chapter captures the evolving developments of freedom of association in the work place from a different perspective. The practice of ‘labour democracy’ varies from industry to industry, from trade group to trade group and from region to region. The first are those with freedom of association and collective bargaining, the second have some restrictions but allow independent trade unions, the third have stringent restrictions, and final group have practically no freedom of association. Therefore, the provocative nature of the chapter (linking employee participation, management practices as well as current political dispensation) highlights the central role of collective bargaining in modern day Nigeria.

Interestingly, the chapter reveals that employees are not necessarily searching for freedom of association (which is traditionally pursued by trade unions) but for recognition, which comes from understanding their orientation. Therefore, they wish their minds and hearts to be won by their employers, which is beyond ‘filling their pockets’ and sometimes beyond the roles of trade unions and collective agreements. Additionally, there has been significant literature on employee voice but understanding employer voice provides even a better platform for effective workplace participation (Kaufman, 2014).

The framework of employee relations in Nigeria is centered on a tripartite arrangement of government and its agencies, workers and their organisations and employees and their associations. This partnership can be illustrated and summarised as follows:

#### The State

With the inception of a democratically elected government in 1999, the government’s focus was directed towards the process of developing and institutionalising democracy and true federalism in the country. This approach brought about a new dispensation in labour policy with a view to pursuing voluntarism, and thus democratising the trade union. Accordingly, the Federal Government of Nigeria passed the Trade Union (Amendment) Act, 2005 “to provide amongst other things, the democratisation of the labour movement through the expansion of opportunities for the registration of Federation of Trade Unions as well as the granting of freedom to employees to decide which unions they wish to belong”. (Trade Unions (Amendment) Act, 2005). Some of the significant clauses are:

- Withdrawal of one central labour union in Nigeria

This implies that employees can only contract into their respective unions for deductions to be made from their wages. Union membership thus becomes voluntary;

- Conditions for strike action/lock out

There are several ‘hurdles’ to go through before a strike action or lock out can be carried out. This implies some procedural restriction.

##  The Employers

The employers have formed associations along industry lines, primarily for the purposes of presenting a united front with respect to collective bargaining, they have built on this by maintaining close contact with Nigeria Employers’ Consultative Association (NECA). As a federation of employers, as well as a parliament of employers, NECA’s role among its members is purely consultative, since it does not enforce its advice on its members. Amongst its key role is, advising members on negotiations on wages, conditions of work, dispute handling and representation to government (on behalf of employers) on specific labour matters.

#### Trade Unions

The labour unions have been structured along industrial lines by the state for better coordination of all employee/employer activities, such as collective bargaining. Accordingly, the NLC serves as the central negotiating body for workers, albeit with now a rival central body. The role of the NLC is political. It represents workers interest at the national level and in recent times has continuously engaged the government on matters of national interest. It resolves inter-union and intra-union disputes and takes the lead in providing education and counselling to members. However, the Trade Union Congress (TUC), which is now a rival/optional central trade union has been given legal backing with the democratisation of the unions. It is intended to operate in a similar fashion as the NLC. However, a most recent development suggests there is an emerging United Labour Congress - ULC (a break away from the NLC) suggesting that the labour movement is facing a new challenge from within (Adedigba, 2019).

The state continues to be involved in trade union matters essentially to encourage industrial peace and promote economic development. Such interferences come through regulated incomes and productivity policies to inhibit inflations; encouraging freedom of association through legislations to permit national and plant negotiations through the machinery of collective bargaining process; setting up Arbitration Panels and the National Industrial Court for the settling of industrial relations disputes. On the part of employers, the NECA provides a forum for encouraging the setting up of employers’ association for industry wide collective bargaining processes, advice and consultations amongst members and as a liaison body with the state on behalf of employers. The framework for collective bargaining is completed by the centralised trade unions with some issues left at company/plant level. Trade Union Act in 2005 has emphasised the importance of freedom of association and increased relevance of collective bargaining at both national and plant levels. There have been several efforts to review and amend the act by the machinery of government to address the reality of modern labour relations but this has not progressed.

**BACKGROUND: Nigeria**

### The Historical Context

The history of Nigeria dates to its amalgamation into a single nation by the military forces of the British Empire in 1914. Prior to this period, Nigeria was a loose collection of autonomous states, villages, and over 250 ethnic communities, largely classified as northern and southern Nigeria. The modern Hausa and Fulani societies in northern Nigeria are the cultural successors of the Sokoto Caliphate, a theocratic state founded by Muslim reformer Uthman dan Fodio in 1817. They were geographically isolated in the north and governed by Islamic laws and maintained greater commercial and cultural links to North Africa and the Arab states than to West Africa. By contrast, the Yoruba and Igbo in the south maintained contacts with the Europeans since the 1500s. A minority of southerners converted to Christianity and the majority followed traditional indigenous religions, although the reverse is the situation today. Coastal Nigerians established thriving trade fashioning the coast into a hub for products like palm oil (a product sought after by industrialising Europe) and serving as key source for the slave trade, prior to its abolition in 1807 by the British parliament.

The Niger Delta province (which is also referred to as Niger Delta region) is the contemporary heart of the petroleum industry and a region of dense cultural diversity and inhabited by about forty ethnic groups. Most of the communities of the Niger Delta region during the medieval times lived in small fishing villages within the inlets of the delta. But as the slave trade grew in importance in the 16th century, coastal port cities like Bonny and Brass developed into major trading points and served as exporters of fish. The historical developments and arrangements that have shaped the Nigerian state are influenced by the major ethnic groups of the Hausas/Fulanis, Igbos and Yorubas. These ethnic groups are the most populous and politically influential and have, thus, maintained historical pre-eminence in Nigerian politics.

Language and Culture

Language and culture have mutual impact and can be viewed as a mirror of each other in Nigeria. Therefore, the death of one is the death of the other (Obiegbu, 2016). Whilst the number of languages in Nigeria is currently estimated in excess of 400, the English language was chosen as the official language to facilitate the cultural and linguistic unity of the country post colonialisation by the British. The major national languages spoken in Nigeria represent three key regions – the North is Hausa, the West is Yoruba, and the East is Igbo languages. Nevertheless, most ethnic groups prefer to communicate in their languages, but the English language remains the official language and is widely used for education, business transactions and for official matters.

In Nigeria, language empowers self-expression and cultural heritage and due to the ethnic make-up, communication styles vary. As an example, the Yoruba tribe in the South West of the country employs proverbs, sayings/quotations and even songs to enrich the meaning of what they say and consequently improve communication. Additionally, humours are sometimes used to prevent boredom during long meetings such as Town Hall or company briefings and during collective bargaining sessions - between management and trade unions. Proverbs and humours are aso used to calm down tensions during collective bargaining sessions. From a cultural perspective, it is believed that embedding humour in messages guarantee that what is being said is not easily forgotten.

Since the English language is the national language, ‘Nigerian English’ has been adapted for home use to enhance employee participation. Many scholars (Adetugbo, 1998, Banjo, 2004 and Adegbija 2008) assert that ‘Nigerian English’ exists and stress that it has gone a long way to link culture to language successfully. Although it deviates from standard English, the immediate translation attracts some uniqueness in communication. For example, the Nigerian English expression of: Let us conclude this negotiation ‘quick, quick’ is a direct translation of the Yoruba word ‘kia, kia’ and the Igbo word ‘ozugbo, ozugbo’. Therefore, the development of language can lead to cultural enhancement and efficacy of employee participation.

### The Political and Economic Context

The political structure of Nigeria transformed from a British protectorate in 1914, through regions in 1954, independence in 1960 and republic in 1963, to a twelve-state structure in 1967. Today, the country operates a three-tier federal structure, comprising a central government, 36 states and a federal capital territory, Abuja and 774 local government areas.

Four years after independence, the first Nigerian national election to usher in a democratic government took place. Unfortunately, boycotts, malpractice and widespread violence (especially in the old Western Nigeria) marred the elections. This development instigated a military coup, which ensued in 1966. In 1979, Nigerians voted for a new national Assembly (The Senate, and the House of Representatives) but this experience only lasted for around four years as a result of another military intervention in government. Thereafter, there were several intrigues and fragmented democracy by subsequent military governments for a democratically elected government, but this did not happen until May 29, 1999 when a democratically elected government was established. This return to democracy is the longest so far and has brought some stability to the country

After over 30 years of military governments, Nigeria is now experiencing a democratic experience, but this takes a while to settle in. The political environment is a gradual settling and points to an encouraging future but there are still bumps on the way. Corruption, for instance, is widely established as one of the most serious obstacles to economic growth in Nigeria despite the current government’s continued effort to tackling this head-on on many fronts.

**Table 1**

|  |
| --- |
| **ECONOMIC INDICES/STATUS** |
| No | **Factor** | **AMOUNT/PERCENTAGE** |
|  **2015** |  **2016** |  **2017** |
| 1 | Population (million) |  179 |  184 |  189 |
| 2 | GDP per capita (USD) | 2,766 | 2,206 | 1,995 |
| 3 | GDP (USD bn) |  494 |  405 |  376 |
| 4 | Economic Growth (GDP, annual variation in %) |  2.8 |  -1.6 |  0.8 |
| 5 | Unemployment Rate |  4.3 |  7.1 |  7.0 |
| 6 | Inflation Rate (CPI, annual variation in %) |  9.0 |  15.7 |  16.5 |
| 7 | Exchange Rate (vs USD) |  196.5 |  304.5 |  305.5 |

Source: http://www.focus-economics.com/countries/nigeria

From the perspective of its regional influence, Nigeria’s role in the Economic Community of West African states (ECOWAS) is significant. On May 28, 1975 fifteen West African countries (later joined by Cape Verde) signed in Lagos - Nigeria, a treaty creating the Economic Community of West African States (ECOWAS). According to Ojo (1980), Nigeria played a key role in the intensive diplomatic initiatives culminating in the formation of ECOWAS; an organ for promoting co-operation and integration in economic, social and cultural activities in West African states. Apart from the vast size of Nigeria, its ability to operate as a driving force for development in West Africa is as a result of its economic influence in the region. In affirming this position, Soule and Obi (2001) explain that Nigeria represents around 60 percent of its consumers, 47 percent of the regional GDP, and 50 percent of its industrial potential. Nigeria has thus been ready to play an important development role in West Africa.

Last collated as 166.2 million in 2012, the Nigeria Bureau of Statistics (NBS) has estimated the population to be around 178.5 in 2016, although the United Nations estimate has placed it at 186 million. Apart from being the most populous country in Africa, it also means that about 1 out of 43 people in the world call Nigeria their home (Population Review, 2017). The Nigerian economy depends largely on oil and export earnings from oil production accounts for over 90% of export earnings. The rest of the economy demonstrates a typical developing African model; around 30% of GDP comes from agriculture and the manufacturing sector is limited and developing slowly (Afangideh, 2012). However, Nigeria offers an example as a country with increasing business opportunities. With the drastic fall in oil prices, the government could not execute several projects neither could foreign exchange be made available to pay for raw materials imports. There has been severe rationalisation of foreign reserves and this has had tremendous impact on SMEs and business in general.

The continuous attack on oil pipe lines in the Delta region of the country has also reduced the production of crude oil, making a tough situation even worse (Afinotan and Ojakorutu, 2009; Njoku, 2016). The Niger Delta Region has long constituted a threat to crude oil production in Nigeria. According to the International Crisis Group (2015), the reason for the incessant oil pipeline vandalism in Nigeria includes the pervasive poverty and frustration in the Niger delta. There was also severe unemployment among the educated youths, which has led to anti-social actions such as pipe line vandalism, oil theft and kidnapping for ransom. Two agencies established to drive development, the Niger Delta Development Commission (NNDC) and the Ministry of Niger Delta Affairs (MNDA) established in 2000 and 2008 respectively, have floundered, according to International Crisis Group (2015). In a broad sense, the federal government continues to initiate dialogue with all stakeholders in the region, including state governments, with support for entrepreneurial and job creation activities. For example, educational programmes were embarked upon and targeted at youths to enhance skills acquisition and position them for meaningful employment in the oil companies within the region (Njoku, 2016).

As the Nigerian economy continues to grow and remains attractive for foreign investment, the management of human resources and the appropriateness of employee participation becomes a strategic tool for business efficacy. Understanding the petroleum industry therefore is of essence because of its strategic contribution and influence in management of the wealth of the nation.

## Petroleum and Gas in Nigeria

The Petroleum industry is the largest and main generator of GDP in Nigeria. Since the British discovered oil in the Niger Delta region in the late 1950s, the oil industry has been marred by political and economic strife largely due to a long history of corrupt military regimes and complicity of multinational corporations, notably Royal Dutch Shell. The Nigerian government and oil corporations have been criticised as slow in implementing reforms aimed at assisting the environmental degradation that petroleum extraction has wrought. Natural gas reserves are well over 100 trillion ft (2,800 km), thus the gas reserves are three times as substantial as the crude oil reserves. With the building of two new liquefied gas (LNG) plants with a combined capacity of about 32 metric tonnes yearly, Nigeria is on track to be the second largest growing LNG capacity in the world, second only to Qatar. According to Budhwar and Debrah (2001), Nigeria’s population and potential resources makes it one of the most attractive countries for foreign investment in Africa.

### The Oil Industry and Nigerian Economy

Oil holds a key place in the Nigerian economy. Oil companies continue to struggle with continuous community unrest and vandalism of oil infrastructure because the communities see that the extraction of crude oil has adversely affected their economic and cultural life. For example, cases of oil spillage are common within the communities and this destroys fish farming. However, on their own part, major multinational oil companies (like ExxonMobil, Agip and Shell) have launched their own community development programmes in their communities of operations to improve the standard of living of the residents. Examples of such programmes are rural electrification, provision of schools, roads, water, clinics, and television viewing centres.

### Management of Oil Wealth

In examining the place of the petroleum industry in Nigeria, Da Costa (2009) explains that oil has generated an estimated $600 billion since the 1960s. Unfortunately, most inhabitants of the country’s main oil producing areas have seen few benefits from over four decades of oil extraction that has damaged their environment. On the other hand, oil theft, according to Walker (2009), with the connivance of officials from international oil companies, national oil parastatal officials and captains of vessel costs Nigeria an estimated $5 billion every year. A tighter regulatory framework is therefore required, according to several commentators.

The Nigerian constitution from 1960 till date affirms that the federal government has an exclusive control over the oil and mineral wealth of the nation. Omoruyi (2001) explains that the Nigerian constitution makes no provision for either shared power between the federal government and the state governments or between federal government and oil producing communities. Accordingly, coping with the neglect of the areas that produce the oil is assumed to be the responsibility of the federal government acting with the oil companies. He explains that, “the quest for ownership by the oil producing states should and ought to be sought through the interplay of politics and not through the constitution” (Omoruyi, 2001: 8).

The government has adopted a carrot-and-stick approach to addressing the unrest in the Niger Delta region by offering an amnesty to militants after launching what is considered its biggest military offensive in years, but few expect the strategy to lead to rapid restoration of security (Burgis, 2009; Burgis and Green, 2009). According to Iwuagwu (2009), the decision by Shell Petroleum Development Company to settle its once lingering case with the Ogonis (one of the communities in the Niger Delta region) out of court, and its agreement to pay $15.5 million in settlement, signifies a new beginning in the relationship between oil companies and their host communities. It also provides the basis for a significant change of direction by the Nigerian government towards the oil producing communities of the Niger Delta region. In support of this proposition, Green (2009) explains that many indigenes of the delta region believe that the only way to end the violence will be to stimulate the kind of broader economic revival that could provide alternatives for thousands of unemployed youths.

Earnings from oil have propelled most economic activities and thus industrialisation. Payments for imports of raw materials and various government spending and developmental projects arise from foreign exchange. The stability in the oil industry is not only necessary for sustaining the foreign reserves of the nation but also provides a basis for increased economic activities and the stability in the prices of goods and services. This will in return provide for enhanced budgetary management and the sustenance of appropriate monetary and non-monetary compensation for effective management of human resources in the Nigerian economy. This stability will promote competitiveness and business efficacy in the country.

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# CULTURAL FRAMEWORK OF EMPLOYEE PARTIIPATION

# Table 2

Employee Participation Model

**The State**

6

**National Negotiation**

 **Involvement**

 **Policy:**

* Strong enterprise unions/JCC
* Flexible duration of agreements

**Enterprise Negotiations**

**Employers**

**Trade Unions**

With respect to the developing economies, there has been discussions on alternative approaches to examining development and participation such as classic accounts of development and participation, contemporary institutional approaches, cultural accounts and dominant models but it is still recognised that allowing for the periodic emergence and diffusions of alternative models cannot be ignored (Hollinsworth, 2006; Wood, 2010). In their study of a 10-country comparison on the impact of culture on human resources management practices, Aycan *et al.* (2006) alluded to the fact that the model of culture fit suggests that organisational culture is shaped by multiple forces external and internal to the organisation which are unrelated to societal culture, albeit paying attention to selection of organisation (and by implication, country) is paramount.

Although Project Globe (a network of social scientist and management scholars from several cultures working in a coordinated long-term effort to examine interrelationship between societal culture, organisational culture and leadership) identifies the Human- Oriented approach as a management orientation based on cultural studies, this perspective identifies this leadership style as supportive and includes compassion and generosity towards subordinates (Javidan *et al.* 2006). However, Project Globe does not provide factor(s) that drive this perspective, other than culture in a wider perspective. Furthermore, the work of some scholars (Besamusca and Tijdens, 2015), in comparing contents of collective bargaining agreements for developing countries (mainly Africa) is quite revealing but it does not elucidate the appropriateness of the contents in the challenging environments of many developing countries neither does it anticipate any emerging scenarios and the required pragmatism. However, the findings of Hayter *et al.* (2011) - alluding to innovative practices in respect of the applications of collective bargaining and the role of stake holders, provides an interesting trajectory for the chapter.

Accordingly, the socio-economic and cultural underpinnings have significant bearing on all forms of employee participation. For example, majority of the HR practitioners interviewed confirm that addressing employee demands outside of the collective agreements is a normal occurrence. The study of Black (2005) alluding to the fact that countries with high individualistic tendencies will have relatively low collective bargaining co-ordination is relevant to this chapter. It highlights the importance of collective bargaining in a collectivist environment because this is the channel for making collective demands either as a result of collective bargaining or as an avenue to seek additional support.

Most collective agreements (from the primary sources) cover various employee benefits. The intention is to demonstrate the commitment of the company in addressing various issues that are relevant to employment relationship. For example, it is common to indicate items such as utility, education support, housing loan, meal subsidy and vehicle loans (to name a few) in conditions of employment. This strong paternalistic approach to management helps to explain the reason the employee views the employer as an extension of family (Opute, 2010). Building on this assertion, a significant percentage of HR practitioners (out of several 227 participants) who attended the HR Expo Africa Summit (2016, 2017 and 2018) support welfare needs and the applicable cultural factors as captured in Table 3. This has provided the basis for the employee participation model as depicted in Table 2. This model is based on the tripartite relations of employee participation in Nigeria, which is made up of the state, employer and the trade union. This tripartite relationship is governed by the respective labour laws and procedural agreements which form the basis of applicable negotiations. The latter is influenced by the existing involvement policy of the respective national trade unions or enterprise unions.

**Table 3**

HR Survey: Data Analysis of Participation

Author’s compilation, 2018.

Accordingly, the discussions of the chapter extend beyond the broad connotation and juxtaposing of culture, theories, models and contents of collective agreements (which in themselves are instructive) but rather provides appropriate conceptualisation of collective bargaining in Nigeria as well as highlighting the associated employee orientation and the underlying expectations as sacrosanct. The framework of this findings is based on an earlier research (Opute, 2010) which captured employee attitude (Table 4) of some selected Nigerian company with over 400 participants. This has been supported with a focused group questionnaire of HR practitioners during the HR Expo Africa Summits (2016, 2017 and 2018). HR Expo Summit is a broad-based Human Resource platform that attracts a wide spectrum of HR practitioners and other professionals from the private, public and third sectors of the Nigerian economy to its vibrant and exciting hub of ideas yearly, to shape the conversation on human capital development and organisatonal performance with special focus on new trends and dynamics. The survey findings illustrate the contextual variables that are paramount in the Nigerian workplace and highlights the importance of a symbiotic relationship which thus calls for a pragmatic approach to employee participation and the ensuring collective bargaining strategy.

**Table 4**

**Distribution of employee attitude – Workforce participation**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **VARIABLES** | N | Minimum | Maximum | Mean | Std Deviation |
| Collective approach | 415 | 1.00 | 5.00 | 3.9470 | .89393 |
| Teamwork and Solidarity  | 415 | 1.00 | 5.00 | 4.2265 | .76882 |
| Dependence on employers | 415 | 1.00 | 5.00 | 3.9446 | .96775 |
| Assistance from employers | 415 | 1.00 | 5.00 | 3.8482 | 1.04654 |
| Relevance of employee representation | 415 | 1.00 | 5.00 | 4.3952 | .71423 |
| Teamwork cultural attribute | 415 | 1.00 | 5.00 | 3.8361 | .95409 |
| Self-negotiation | 415 | 1.00 | 5.00 | 2.9253 | 1.29350 |
| Valid N (list wise) | 415 |  |  |  |  |

Author’s compilation 2018

# INSITUTION OF COLLECTIVE BARGAINING: THE EVOLUTION

The institutional settings should aim to advance pro-labour policies, law providing social protection, expanding collective bargaining converges and lowering the threshold for collective agreements to serve as important ‘ingredients’ in the sustenance of collective bargaining. Finally, collective bargaining should aim at the strengthening of the link between individual needs and the individual organisational relationship as a scenario, which once investigated thoroughly, becomes a pragmatic approach for the improvement of workforce participation and thus the sustenance of collective bargaining whether at the national or local level. Nevertheless, if the workforce ‘understands the destination’, they can ‘endure the duration’ of the journey and a win-win situation will emerge. The popular opinion of many HR practitioners is that the company is viewed as an extension of the family. This development unfortunately distracts the average business organisation from focusing in its core business.

This notion therefore reveals that whilst paternalism contributes to a co-operative atmosphere in the work place, it is being encouraged by the failure of the state to provide adequate welfare and social services. Furthermore, the institutional setting requires ‘consistent democracy’ from the part of the state since the continued slow pace of regulatory posture of the state will inhibit the maturing of relationship between the employers and trade unions. This apart, the continued ‘flirting’ of the state with trade unions (whether registered and or unregistered) needs urgent addressing if indeed a partnership posture is to be established in the existing tripartite posture of labour relations in Nigeria. From the perspective of the employers, every effort to engage employees will enhance employee participation and ultimately a boost to collective bargaining or any other existing employee participation structures. An involvement policy does not obliterate formal collective bargaining mechanism but could instead improve flexibility/symbiotic agreements particularly at the enterprise levels.

The sustenance of collective bargaining or any other participatory machineries in the work place is driven by the broader Nigerian framework. The chapter therefore highlights significant contextual factors (collectivism, paternalism, welfare and evolving economy) and how they impact the system (culture and employee relations) in establishing a participation strategy which is the consequence of employee voice. It also highlights the challenges of the institutional settings as well as employee engagement as important ‘ingredients’ in the sustenance of collective bargaining

Finally, apart from providing an enabling environment, which requires the institutional and employee engagement initiatives (from the state on the one hand, and the employer on the other hand), the sustenance of collective bargaining whether at the national or local level will require the pragmatic approach of all the actors in the employee relations system. In other words, we should end the search for the one ‘right’ collective bargaining strategy, but rather understand what in the context matters.

# Discussion and Conclusion

Trade unions will continue to fight for relevance and the indications are that many governments will continue to prefer a formal voice for employees because labour market through laws and regulations can be better enforced to ensue economic growth and stability (Kocer and Hayter, 2011). The chapter supports this view albeit highlights the fact that workforce participation is embracing new scenarios.

Although, numerous studies (Woods, 2010; Besamusca and Tijdens, 2015 and Larmache, 2015) highlight the importance of collective bargaining in the HR literature, there are limited literature and empirical studies that identify workforce cultural orientation as concomitant to workforce expectations in many developing economies. Neither do Western employment frames of reference represent appropriate theoretical paradigm for analysis of the socio-economic context inherent in employment relations in many developing economies (Khan and Ackers, 2004; Wood, 2010). The chapter also highlights the challenges of the institutional settings (such as lack of pro-labour policies, law providing social protection, expanding collective bargaining converges and lowering the threshold for collective agreements) as important ‘ingredients’ in the sustenance of collective bargaining (Kocer and Hayter, 2011).

 **Table 5**

Evolution of collective bargaining/new scenarios and challenges

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Focus | Pre-1970 Era | Post 1970/Early 2000 | Post 2000/early 2010 Era | Post 2010/Early 2018 Era |
| Procedural Agreement | Enterprise Levels only | National Levels only | National Levels only | National levels/Enterprise Levels  |
| Contents of Collective Bargaining | Enterprise levels Financial/Non-Financial benefits* Salary Ranges
* Allowances
* Benefits
* Vehicle loans
* Other welfare issues

Discretionary matters* Meal subsidy
* Long service awards
 | National levelsFinancial* Basic salary
* Housing allowance
* Transport allowance
* Leave days/allowance
* End of service benefits

Non-Financial* Leave days/benefits
* End of service terms

Enterprise levelsFinancial* Heat allowance
* Inconvenience allowance
* Vehicle loan
* Death benefits

Discretionary* Laundry supplies
* Meal subsidy
* Long service awards
 | National levelsFinancial* Like previous era

Non-Financial* Like previous era

Enterprise levelsAdditions:* Relocation allowance
* Acting allowance

 Discretionary matters* Laundry supplies
* Meal subsidy
* Long service awards
 | Developing Scenarios: Enterprise LevelsInvolvement policies:* Welfare issues
* Duration of agreement
* Consultations
* Non-Direct Financial issues

Challenges:* Review of contents of procedural agreement
* Strong JCCs
 |
| Duration of Agreements | Staggered/Varied* Tied down to various concluded agreements
* Extenuating circumstance
 | National* 2 years

Enterprise* Varied but not less than 1 year
 | National* 2 years

Enterprise* Varied but not less than 1 year
 | Flexible/Symbiotic |
| Re-Opener Clause | Mutual understanding* Flexible
 | National/Enterprise* Extenuating circumstances
 | National/Enterprise* Extenuating circumstances
 | Flexible/Symbiotic |

*Author’s compilation, 2018.*

The result of the empirical study reveals that a cultural characteristic, such as collectivism is significant in determining any participation structures. Although collective bargaining appears to be the most common means of participation in developing economies, there appears to be some new scenarios emerging. A significant conclusion of the chapter is that the cultural characteristics of collectivism and paternalism are very prominent in the work place. Firstly, teamwork and solidarity are highly valued across all job groups. Secondly, collective approach is highly valued amongst the entire work force, inclusive of trade union and non-union members. This cultural orientation therefore is deep rooted in the belief and value system of the employees (Opute, 2010).

In contrast, individualism is hardly practised by the average employee. The study has revealed that employees tend to maintain cohesion with their work groups. The recently amended Trade Unions Act, 2005 that cancelled automatic check-off system is a significant example. There are no records of individuals who have ceased to be financial members of trade unions in the work place though they consider themselves non-members. Even when employees were required to contract out during the era of automatic check-off system, there was also no record of employees contracting out of trade union membership. It is believed that the society frowns at individualism from every perspective.

One unique result of the study is that collectivism does not imply representation by the trade unions only. The even distribution of membership/non-membership of trade unions across the case study companies confirms this (Opute, 2010). However, the study on the other hand, confirms relevance of employee representation in the work place. This is not in any way a contradiction to non-union membership but does confirm the resilience of employee representation in the work place. What therefore remains to be addressed is whether the trade unions will retain the central position in future collective bargaining efforts or processes.

One scenario could be a gradual reversion to strong house unions within the frame work of the national trade unions but with increased listing of items for local collective bargaining. This approach, which can be termed an ‘involvement policy’ will improve creativity in the way at which organisations agree terms of collective bargaining. It will recognise the varying economic issues that each organisation faces together with any pertinent peculiarities. The play out of other cultural norms such as paternalism can be a tool for a cooperative existence in various organisations. The challenge will be a radical review of the procedural agreements (the document which identifies the matter for national and in-house negotiations at the respective trade groups) at the national levels - a move that may diminish the hold of the national unions in the short run but could be the required catalyst for change as captured in the emerging collective bargaining model

Finally, this model highlights a strengthening of the link between individual needs and the individual organisational relationship as a scenario, which once investigated thoroughly, becomes a pragmatic approach for the improvement of workforce participation and thus the sustenance of collective bargaining whether at the national or local level.

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