SOCIO-ECONOMIC IMPACTS OF MINIMUM WAGE POLICIES IN NIGERIA

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ABSTRACT

The minimum wage is the legally mandated lowest compensation that an organization is allowed to give to an employee. The federal government establishes the minimum wage; however, several states and municipalities have their own minimum wage regulations that may surpass the federal minimum pay. This research aims to examine the economic sociology of Nigeria's minimum wage policy from 1999 to the present. This research adopted content analysis where information gotten from other scholars formed the basis of the data analyzed. The study revealed that minimum wage policies in Nigeria have had mixed effects on employment patterns. The study concludes that addressing the challenges inherent within Nigeria's minimum wage governance framework requires a multifaceted approach that combines institutional reforms, capacity-building initiatives, and participatory governance mechanisms. The study recommends that the policymakers should prioritize institutional reforms and stakeholder engagement aimed at streamlining regulatory structures and clarifying responsibilities.

Keywords: Minimum wage, minimum wage policies, employment patterns, unemployment, poverty, income distribution, labour force

1. Introduction

In the dynamic landscape of economic sociology, the examination of minimum wage policies serves as a crucial lens through which to understand the intricate interplay between economic structures, societal norms, and political dynamics. Nigeria, being the most populated country in Africa and one of the biggest economies, offers an intriguing opportunity to examine the complex aspects of minimum wage legislation. Since the restoration of democratic governance in 1999, Nigeria has undergone significant socio-economic transformations, including revisions and implementations of minimum wage laws. Nigeria's journey with minimum wage

policies can be traced back to the colonial era, yet significant reforms have occurred since the return to civilian rule. The transition from military to democratic governance in 1999 marked a pivotal moment, as subsequent administrations grappled with addressing socio-economic inequalities. Notable milestones include the enactment of the National Minimum Wage Act in 2000, subsequent amendments, and periodic adjustments in response to economic exigencies and societal demands.

The economic sociology of Nigeria's minimum wage policies intersects with various socio-economic dynamics, including labour market structures, income inequality, and informal sector dynamics. Scholars such as Adebayo, Okojie, & Salisu (2020) underscore the intricate relationships between minimum wage adjustments and labour market outcomes, highlighting the implications for employment patterns, poverty alleviation, and income distribution. The development and execution of minimum wage rules in Nigeria are firmly rooted in the country's political economy. Political actors, interest groups, and institutional frameworks shape policy decisions, often reflecting power struggles and socio-political tensions. Okoli & Okafor (2019) argue that minimum wage negotiations serve as a battleground for competing interests, with policymakers balancing economic imperatives, political expediency, and social justice considerations.

Civil society organisations, labour unions, and grassroots movements have a crucial influence on the development of discussions around minimum wage laws in Nigeria. Grassroots mobilization, protests, and advocacy efforts serve as mechanisms for amplifying the voices of marginalized workers and holding policymakers accountable. Okeke & Nwagbara (2021) provide insights into the role of civil society in advancing labor rights and influencing policy outcomes, underscoring the importance of collective action in driving socio-economic change.

Beyond the economic and political dimensions, the cultural and institutional context also shapes Nigeria's minimum wage policies. Cultural norms, values, and perceptions of work influence attitudes towards wage regulation and labor rights. For instance, the concept of "work ethic" in Nigerian society often intersects with notions of deservingness and entitlements, influencing debates on minimum wage levels and eligibility criteria. Furthermore, the prevalence of informal employment and traditional livelihoods poses unique challenges for enforcing minimum wage laws and extending social protection to vulnerable workers. Meanwhile, institutional factors, including regulatory frameworks, enforcement mechanisms, and administrative capacity, also influence the effectiveness of minimum wage policies. Weak institutional capacity, corruption, and bureaucratic inefficiencies undermine compliance and enforcement efforts, exacerbating disparities in wage levels and labor standards across sectors and regions. Scholars such as Adamu & Usman (2021) emphasize the importance of strengthening institutional mechanisms and enhancing transparency to ensure the equitable implementation of minimum wage laws.

Moreover, globalization and external economic pressures contribute to the complexities of minimum wage governance in Nigeria. Integration into global markets, trade liberalization, and international financial institutions' conditionalities shape the policy choices and reform agenda of domestic policymakers. The implications of globalization on wage dynamics, employment patterns, and social protection systems underscore the need for nuanced approaches to minimum wage regulation that balance global competitiveness with social equity objectives. Furthermore, the COVID-19 plague has added another layer of complexity to Nigeria's minimum wage landscape. The economic disruptions instigated by the plague have exacerbated existing inequalities, heightened unemployment rates, and strained fiscal resources, necessitating adaptive policy responses. The pandemic-induced economic crisis has underscored the importance of resilience, social protection mechanisms, and inclusive policy

frameworks in safeguarding the livelihoods of vulnerable workers and promoting sustainable recovery.

Looking ahead, several avenues for future research and policy action emerge within the realm of Nigeria's minimum wage policies. Longitudinal studies tracking the socio-economic impacts of minimum wage adjustments over time can provide valuable insights into their effectiveness in reducing poverty, enhancing productivity, and promoting inclusive growth. Comparative analyses of minimum wage regimes across states and regions within Nigeria can illuminate regional disparities and inform targeted policy interventions. Suffice it to say that interdisciplinary approaches that integrate insights from economics, sociology, political science, and anthropology can enrich our understanding of the complex dynamics shaping wage regulation in Nigeria. Collaborative efforts between researchers, policymakers, civil society organizations, and grassroots movements are essential for advancing evidence-based policy reforms that address the structural inequalities underpinning wage disparities and promote social justice outcomes.

Despite the implementation of minimum wage policies in Nigeria since 1999, persistent challenges persist in ensuring their effective enforcement and equitable impact across society. The socio-economic disparities, institutional weaknesses, and cultural complexities inherent within Nigeria's context pose significant obstacles to achieving fair and sustainable wage regulation. These challenges raise critical questions about the efficacy of minimum wage policies in addressing income inequality, promoting decent work, and fostering inclusive economic growth. Thus, the central problem this study seeks to address is; "How can Nigeria's minimum wage policies be effectively designed, implemented, and enforced to mitigate income disparities, improve labor market outcomes, and foster socio-economic development, considering the multifaceted dynamics of the Nigerian context from 1999 to the present?

Importantly too, the study also tries to assess the socio-economic impacts of minimum wage policies in Nigeria since 1999, including their effects on employment patterns, income distribution, and poverty alleviation.

2. Literature Review

The review of literature here covers conceptualisation of minimum wage, institutional mechanisms and governance structures of minimum Nigeria's wage regulation, and challenges of minimum wage policies in Nigeria.

2.1 Conceptualizing Minimum Wage

The minimum wage in Nigeria is the legally required lowest hourly salary that an employee may be given, as determined by Federal Law (Eme & Okeke, 2009). In Nigeria, three primary strategies have been used to tackle the problem of pay determination. The government's initiatives include collective bargaining and salary indexation. Typically, this involves the selection of Ad hoc public panels or internal government committees and the subsequent publication of the committee report in the form of a white paper. Put simply, they are evaluations of wages (Eme, 2009; Eme & Ugwu, 2011). The collective bargaining strategy is mostly used in self-funded organisations, such as the Central Bank of Nigeria and, more recently, the Shonekan Committee of 2009-2010.

The International Labour Organisation has considered minimum wage as both a policy and a best practice tool, as stated in its publications from 1964, 1967, 1989, 1996, 2008, and 2009. The ILO findings have shown that the minimum wage serves as a foundation for the wage system, safeguarding workers who earn the lowest wages. According to the International Labour Organisation (ILO), minimum wages are a widely used policy tool that is implemented in over 90% of ILO member nations, including Nigeria (ILO, 2009).

The Cain Labour Standard Act of 1938 in the USA established the minimum wage as the lowest hourly rate of payment for work, as determined by federal law and further specified by employers involved in enterprises that impact interstate trade. The term "minimum wage" may be described as the predetermined rate of compensation established either by a collective bargaining agreement or by government legislation, which represents the lowest amount that can be legally paid to certain groups of workers (Fapohunda et al, 2012; Eme & Ogbochie, 2017). According to the ILO 1970 General Survey of Reports, Convention No. 131 defines the minimum wage as the lowest rate of compensation that is determined either by a collective bargaining agreement or by government legislation, and is applicable to certain groups of workers. The Committee of experts clarified the concept of minimum wage in their explanation of how it is determined.

In 1967, the International Labour Organisation (ILO) held a conference of specialists to discuss minimum wage setting and associated issues. During this meeting, the ILO outlined three fundamental concepts that are included in the notion of the minimum wage. The minimum wage is the amount of money deemed necessary to provide the basic needs of workers, including food, clothes, housing, education, and leisure, while considering the economic and cultural progress of each nation. The second point is that the minimum wage is the lowest amount of payment allowed by law, regardless of the mode of payment or the worker's qualifications. Thirdly, the minimum wage refers to the legally mandated pay that every nation must maintain and may be enforced by penalties or other suitable measures. The preceding explanation includes the inclusion of minimum wage set by collective agreements that are rendered legally enforceable by public bodies. The primary purpose of a minimum wage system is to ensure that a worker can satisfy their fundamental requirements. It is a legal

framework and policy document that may be used to enforce this law in cases of violation (Eme & Ogbochie, 2017).

The implementation of a national minimum wage began in the late 19th century, first with New Zealand in 1894 and followed by Victoria State in Australia in 1896. These countries enacted laws that allowed workers and employers to jointly establish minimum salaries that companies were legally obligated to adhere to. The British Trade Boards Act of 1909 was based on this pioneering legislation. Massachusetts implemented the first minimum wage law in the United States in 1922, and eight more states subsequently adopted similar legislation. Dolle (1999) and Metcalf (2001) noted that both the United States and France have a long-standing tradition of implementing a single national minimum wage. Conversely, the United Kingdom implemented a national minimum wage in April 1999. Developing nations have consistently raised their minimum salaries to provide social security to workers who are disadvantaged and not part of organised groups. Argentina, Brazil, China, and South Africa have significantly contributed to the increasing trend. In 2004, China used this measure as a means to address income disparity, whereas South Africa had already adopted it in 2002.

In Nigeria, the issues of pay bargaining and increment have their origins in the era of colonial control and are linked to public service reform initiatives. Therefore, many Commissions were established to engage in salary negotiations for workers from the colonial period. The commissions and panels mentioned are the Hunts Commission of 1934, Harragin Commission of 1954, Phillipson-Adebo Commission of 1948, Gorsuch Commission of 1954, Mbanefo Commission of 1959, Morgan Commission of 1963, Eldwood Commission of 1966, Adebo Commission of 1971, Udoji Commission of 1972, Dotun Phillips Panel of 1985, Ayida Review Panel of 1994, Philip Asiodu Committee of 1998/1999, Ernest Shonekan Committee of 2000, and Justice Alfa Belgore Committee of 2009/2010. Furthermore, minimum salaries in Nigeria

have been established by Government Decrees, often enacted under military regimes, as well as Acts of Legislation. In 1992, President Ibrahim Babangida authorised a 45% salary hike for Federal Civil Servants. In 1998, General Abdusalam Abubakar, who was the Head of State at the time, introduced a minimum pay of =N= 5500. President Obasanjo subsequently set the minimum wage at N7,500 in 1999. The government often issues Decrees and employs legislative Acts to establish the minimum wage. Between 1973 and 2003, there were seven Acts and Decrees related to wages and salaries. These include the Wage Board and Industrial Council Act 19774 (Cap. 466) (No. 1 of 1973, L.N. 55 of 1974), the National Minimum Wage Act 1981 (No. 6 of 1981), the National Minimum Wage Decree No. 43 1988, the National Salaries Incomes and Wages Commission Decree 1993 (No. 99 of 1993), the National salaries, Incomes and wages commission (Amendment) Decree (No. 17 of 1999), the National Minimum wage (Amendment) Act, 2000 (No. 1), and the National Minimum wage (Amendment) Act, 2003.

2.2 Institutional Mechanisms and Governance Structures of Minimum Nigeria's Wage Regulation

Minimum wage regulation in Nigeria is governed by institutional mechanisms and governance structures established to ensure fair labour practices and protect the rights of workers. This section explores the institutional mechanisms and governance structures responsible for minimum wage regulation in Nigeria, shedding light on the roles of various stakeholders and the regulatory framework, such as the Nigerian government, National Minimum Wage Committee, National Industrial Court, trade unions and employees' associations.

The Nigerian government plays a central role in minimum wage regulation through legislative and executive bodies. The National Minimum Wage Act empowers the National Assembly to enact laws establishing a minimum wage for all categories of workers in Nigeria (Adegboye &

Adetiba, 2019). The Ministry of Labour and Employment oversees the implementation and enforcement of minimum wage laws, working closely with relevant agencies such as the National Minimum Wage Committee.

The National Minimum Wage Committee is a key institutional mechanism responsible for setting and adjusting the minimum wage in Nigeria. It comprises representatives from the government, labour unions, and employers' associations, tasked with negotiating and recommending minimum wage rates based on prevailing economic conditions and the cost of living (Adegboye & Adetiba, 2019). The Committee conducts periodic reviews and consultations to ensure that minimum wage rates are fair and reflective of workers' needs.

The National Industrial Court serves as a judicial institution for resolving disputes related to labour matters, including minimum wage violations. Workers who believe their rights under the minimum wage laws have been infringed upon can file complaints with the National Industrial Court for adjudication (Ogunmuyiwa, 2019). The Court has the authority to enforce compliance with minimum wage laws and impose penalties on employers found guilty of non-compliance.

Trade unions perform a vital part in clamouring for the welfares of the working class and guaranteeing the enforcement of minimum wage laws. Labour unions such as the Nigeria Labour Congress (NLC) and the Trade Union Congress (TUC) represent workers in negotiations with employers and government authorities to secure favorable minimum wage rates (Ogunmuyiwa, 2019). These unions also involve in combined negotiating to make better the situation of workers and wages beyond the statutory minimum.

Employers' associations represent the interests of employers in minimum wage negotiations and regulatory compliance. These associations, such as the Nigeria Employers' Consultative Association (NECA), provide a platform for employers to voice their concerns regarding minimum wage increases and their potential impact on business operations (Adegboye & Adetiba, 2019). Employers' associations also collaborate with government agencies to ensure compliance with minimum wage laws among their members.

3. Challenges of Minimum Wage Policies in Nigeria

Minimum wage policies in Nigeria have faced various challenges that hinder their effective implementation and enforcement. Despite efforts to improve labour standards and promote fair wages, several factors continue to pose obstacles to the successful implementation of minimum wage regulations. Drawing on vast current literature, these challenges include economic realities and inflation, non-compliance and weak enforcement mechanisms, informal sector dominance, labor market dualism, political interference and delays, insufficient revenue, incessant and differential call for wage review, non-performance, enforcement of the act, and labour market situation, among others.

One of the primary trials facing minimum wage in Nigeria is the mismatch between minimum wage amounts and the prevailing economic realities. Minimum wage adjustments have often failed to sustain pace with inflation and the mounting cost of living, resulting in eroded purchasing power for low-wage workers (Adegboye & Adetiba, 2019). The failure to index minimum wage rates to inflation undermines their effectiveness in alleviating poverty and improving living standards.

It is worth noting that when inflation significantly affects those who earn a salary, they have little choice but to demand a fair minimum monthly wage. It is unsurprising to learn that the primary argument put up by organised labour to request a pay increase is often based on the

inadequacy of the previous minimum wage. Their rationale is that inflation diminishes their ability to buy goods and services, thereby prompting a demand for a pay rise. Expressing a contrasting viewpoint on the ongoing wage review, Alhaji Kawu Baraje, who was the Acting Chairman of the People's Democratic Party (PDP) at the time, argues that the demand for a new minimum wage would be unnecessary if there were adequate hospitals, clean drinking water, and well-maintained roads, among other essential facilities, that were easily accessible throughout the entire country (Ochei, 2012).

Non-compliance with minimum wage laws remains a significant challenge in Nigeria, particularly in the informal sector. Many employers, especially small and medium-sized enterprises (SMEs), fail to adhere to minimum wage regulations due to limited resources or a lack of awareness (Ogunmuyiwa, 2019). Moreover, weak enforcement mechanisms and inadequate monitoring make it difficult to ensure compliance with minimum wage laws, allowing some employers to exploit vulnerable workers and pay below the mandated minimum wage.

The dominance of the informal sector in Nigeria's economy poses challenges for minimum wage regulation. A significant portion of the workforce is employed in the informal sector, where labor standards are often disregarded, and workers have limited legal protections (Adegboye & Adetiba, 2019). Minimum wage laws may not effectively cover informal sector workers, leaving them vulnerable to exploitation and low wages. Additionally, the informal nature of many businesses makes it challenging to enforce minimum wage regulations and hold employers accountable for non-compliance.

Labor market dualism, characterized by a sharp divide between formal and informal employment, complicates minimum wage regulation in Nigeria. While formal sector workers may benefit from minimum wage laws and collective bargaining agreements, informal sector

workers are often excluded from these protections (Ogunmuyiwa, 2019). This dualistic structure exacerbates inequality and undermines efforts to ensure fair wages and labour standards for all workers.

Political interference and delays in the implementation of minimum wage adjustments have also hampered their effectiveness in Nigeria. Minimum wage negotiations often become politicized, with government authorities, labour unions, and employers' associations engaging in protracted disputes over wage rates and implementation timelines (Adegboye & Adetiba, 2019). These delays prolong uncertainty for workers and hinder their ability to plan and budget effectively.

The States' failure to pay the minimum wage was mostly due to the Federal government receiving a higher portion of the funds from the federation account. As a result, the states were left with inadequate resources to cover salaries while also fulfilling other essential social demands. The existing income sharing system allocates 42.6 percent to the Federal Government, while the remaining 47.4 percent is shared among the 36 states, the Federal Capital Territory (FCT), and the 774 local governments (Ochei, 2012). This situation rendered it unfeasible for the states to fund their mandated responsibilities and provide the services assigned to them, since their only dependence was on the financial assistance and subsidies provided by the federal government (Aiyede, 2002). The level of compliance with the minimum wage varies throughout states due to differences in their financial profiles. The significant importance of financial stability in particular states has been acknowledged as a crucial element in ensuring public sector employers' adherence since 1991 (Fapohunda et al, 2012).

The inflationary shocks resulting from salary increases include a rapid surge in the overall price of goods and services, as well as a decrease in work opportunities. Another issue arises from

several government departments advocating for distinct salary packages, sometimes justified based on the specific demands of their respective roles. Although there may be some valid reasoning behind this request, it might also encourage other security organisations to make like requests.

Given the declining income of the government, it is necessary to enhance the government's revenue profile in order to perform its legal duties and improve the quality of life for the people. Public workers must proactively exploit and efficiently use the nation's enormous resources to create prosperity, generate better income, and lessen dependence on oil money. According to Ochei (2012), it is crucial for them to awaken from their inactivity and provide valid reasons for advocating for current and future increases in national minimum wages.

The enforcement process becomes necessary so as to make the whole exercise about the new national minimum wage act achieve the desired objectives. Legislative support and effective execution are crucial in establishing and enforcing minimum wage laws. Given the clear fact that not implementing the minimum wage act would be a waste of effort, it is crucial to include a strong enforcement mechanism, suitable penalties for those who violate the act, and compensation for workers whose rights have been infringed upon (Ochei, 2012; Fapohunda et al 2012). Primarily, it is crucial for the government and other employers to prioritise the well-being of their workers, since their contentment is essential for achieving the intended objectives of the organisation.

The state of the labour market may have either a beneficial or negative impact on the minimum wage. Ojo (1998) observed that in a labour market with significant competition, the interaction between supply and demand is the primary factor influencing pay (Fapohunda et al, 2012). Due to various institutional, administrative, political, and socio-cultural variables, it is projected that the pricing mechanism would have a limited influence in the market, particularly in

developing countries such as Nigeria. However, the interaction between supply and demand might still have some impact. Similarly, during a time of unemployment, high salaries are not often favoured, since firms may recruit highly skilled workers without needing to give the legally mandated minimum monthly income, which employers may see as exorbitant. In Nigeria, the labour market is characterised by an imbalance where there is an excess of job seekers compared to the number of available employment (Fapohunda et al., 2012).

Adediran et al. (2023) found that Nigeria's minimum wage regulation is characterized by a fragmented institutional framework, with overlapping mandates and jurisdictional ambiguities among various regulatory bodies at the federal, state, and local levels. They concluded that the lack of coordination and coherence in minimum wage governance poses significant challenges to policy implementation, enforcement, and compliance monitoring, undermining the effectiveness and legitimacy of wage regulation mechanisms.

Similarly, Alabi et al. (2022) identified key challenges to effective minimum wage regulation in Nigeria to include corruption, bureaucratic bottlenecks, and inadequate capacity among regulatory agencies. They underscored the need for holistic reforms addressing institutional weaknesses, enhancing regulatory capacity, and promoting stakeholder engagement to build trust, legitimacy, and effectiveness in minimum wage governance.

In a similar vein, Ibrahim et al. (2024) identified institutional challenges, including weak enforcement mechanisms, regulatory capture, and inadequate representation of informal sector workers in minimum wage decision-making processes. The perspectives of labour unions underscore the need for inclusive and participatory approaches to minimum wage regulation, ensuring the representation of diverse interests and fostering social dialogue and consensus-building among stakeholders. In resolving the challenges, Yusuf et al. (2021), in their comparative analysis of minimum wage governance frameworks in selected countries,

highlighted innovative practices and strategies for enhancing compliance, transparency, and accountability. Their study emphasizes the importance of adopting a multi-stakeholder approach, leveraging technology, and strengthening enforcement mechanisms to improve compliance and transparency in minimum wage regulation.

4. Socio-Economic Impact of Minimum Wage

Nigeria's minimum wage policies have several socio-economic impacts, especially on employment patterns, income distribution, poverty alleviation, labour force, and unemployment. Also, the politics of national minimum wage in Nigeria leaves a lot to be discussed.

4.1 Impact on Employment Patterns

Minimum wage policies in Nigeria have had mixed effects on employment patterns. Although raising the minimum wage has the potential to increase pay for low-income workers, it may also result in employment reductions, especially in industries with narrow profit margins (Aderinto & Adejumo, 2020). Employers have the option to counteract increased labour expenses by either decreasing their employment or replacing labour with more capital-intensive techniques. Nevertheless, the empirical data regarding the influence of minimum wage legislation on employment in Nigeria is ambiguous. Some studies have shown adverse consequences, while others have found no substantial impact (Ogwumike & Adeniyi, 2020). Moreover, informal employment, which constitutes a significant portion of Nigeria's workforce, may be less affected by minimum wage regulations, as many informal sector jobs pay below the legal minimum wage (Uduak & Etim, 2021).

4.2 Impact on Income Distribution

Minimum wage policies in Nigeria have contributed to improving income distribution by raising wages for low-wage workers. By setting a floor on wages, minimum wage laws help reduce wage differentials between high-income and low-income earners, thereby narrowing income inequality (Ogwumike & Adeniyi, 2020). However, challenges such as non-compliance and weak enforcement mechanisms limit the effectiveness of minimum wage regulations in improving income distribution. Many employers in Nigeria, especially in the informal sector, do not comply with minimum wage laws, leading to widespread wage disparities (Aderinto & Adejumo, 2020). Additionally, the lack of regular adjustments to the minimum wage to keep pace with inflation erodes its real value over time, further exacerbating income inequality (Uduak & Etim, 2021).

4.3 Impact on Poverty Alleviation

Minimum wage regulations contribute to poverty reduction by increasing the earnings of workers who earn low wages and their families. Increased salaries empower employees to purchase essential goods and services, such as sustenance, housing, and medical care, consequently diminishing poverty rates (Aderinto & Adejumo, 2020). Nevertheless, the impact of minimum wage legislation on reducing poverty is constrained by many variables. Initially, it is worth noting that the minimum wage would not be enough to elevate people over the poverty threshold, particularly in areas characterised by exorbitant living expenses (Ogwumike & Adeniyi, 2020). Furthermore, the effectiveness of minimum wage rules in reducing poverty is compromised by the extensive lack of adherence and inadequate enforcement, resulting in many low-paid workers not receiving the legally required minimum wage (Uduak & Etim, 2021). Moreover, the informal nature of much of Nigeria's economy poses challenges for

poverty alleviation efforts, as many informal sector workers are excluded from the protections afforded by minimum wage laws (Aderinto & Adejumo, 2020).

The implementation of a minimum wage is often debated as a means to alleviate poverty by ensuring a more equitable allocation of the national income to those with lower incomes. Nevertheless, a substantial body of scholarly research provides data indicating that increases in the minimum wage do not effectively decrease poverty rates, contrary to the previous assertions made by social scientists and politicians. According to Burkhauser & Sabia (2010), raising the minimum wage may lift some families out of poverty. However, it can also result in job losses for low-skilled workers, leading to a decrease in their income and causing some families to fall into poverty.

Abudu (1987) contends that political processes often seem to overshadow collective bargaining in the Nigerian system. As such, the aim towards organizing minimum wage is often inspired towards achieving political ends and not at alleviating the poverty of the common people.

Increasing the minimum wage of the common man, while the production rate remains finite and the Nigerian leisure class (Politicians) are earning exorbitant salaries, would only lead to an unfair competition for available goods, due to the increase in demand, this will only favour the leisure class at the expense of the labour force, thus, increasing poverty and inequality indices. Thus, minimum wages in the short run may increase the purchasing power of the labour force, reduce their debts and even increase their standard of living, but in the long run may endanger the most vulnerable of the population and predispose them to the gory of the market forces of demand and supply from which they have very little protection from. Therefore, the extent to which minimum wage pulls Nigerian out of poverty is in doubt.

4.4 Impact on the Labour Force

The influence of the minimum wage on the labour force is greatly contingent upon the worker's skill set and the nature of their employment. Individuals who possess advanced skills and extensive experience are often unaffected by the minimum wage since their pay are already much higher than the minimum wage. Therefore, the minimum wage has little to no impact on these individuals (Mankiw, 2011). The situation differs for an unskilled labourer, such as teens, for instance. The workers in this second group would undergo a shift in their spending habits, as they would have a higher amount of disposable money, leading to an increase in their demand for goods and services.

Minimum wage increase often increases the number of people who choose to look for work and would then increase unemployment rate, since those able and willing to work are well above the available vacancies available. The minimum wage will present the workers with new possibilities for spending, as such increasing their demand for goods, in this process the supply would also shrink, since the production quota in Nigeria is already low due to low productivity. As people demand more goods, the supply of these goods would shrink and would lead to a hike in price, which often renders the prior increase in wages irrelevant, thereby increasing poverty and the likelihood of inflation.

A study conducted by Akpansung (2014) discovered a strong positive correlation between minimum wage and unemployment, money supply, and real GDP. Additionally, it identified a weak negative correlation between minimum wage and inflation. Thus, the minimum wage upsurge was significantly linked to the loss of jobs and also the increased difficulty in securing one; it also recorded a strong positive relationship with money supply and increase in real GDP, but shared a less positive correlation with inflation. In a consuming nation such as Nigeria, increasing the minimum wage is often argued as a detrimental decision, rather there has always been an advice towards increasing production, attracting and initiating direct and indirect

investments, that will increase the supply of goods and the circulation of money and as such protecting the social system from the volatility of increased elasticity in demand due to increase in the income of workers owed to the increased minimum wage.

4.5 Impact on Unemployment

According to economic scholars (Dolle, 1999; Fapohunda et al, 2012; Nwude, 2013), there is a belief that greater salaries may decrease unemployment in an economy. For example, when individuals earn a larger income, they have the financial means to hire others to do tasks that they would not have been able to afford otherwise. In addition, they would have the capacity to acquire cash for investment, requiring workers to oversee, therefore stimulating economic growth and reducing unemployment. Advocates contend that increasing salaries may effectively reduce instances of corruption. This is because when individuals make a sufficient income to meet their own and their family's essential requirements, the temptation to engage in corrupt practices diminishes.

According to the World Development Report (World Bank, 1995) on labour markets, minimum wages may provide protection for the most impoverished workers in industrialised countries, but they do not have the same effect in developing nations. However, it is important to acknowledge that Nigeria is not classified as an industrialised nation. The minimum wages provided are gross amounts, meaning they are shown before the deduction of taxes and social security payments, which might differ across countries. Regulated paid days off, such as public holidays, sick pay, and annual leave, are also not included in the calculations.

4.6 Politics of National Minimum Wage in Nigeria: To be or not to be?

A significant number of Nigerians experience various forms of marginalisation in their daily lives. They are often subjected to mistreatment and neglect, face political oppression and

abandonment, and have their constitutional rights violated without consequences (Agboti & Nnam, 2015). This systematic denial has continued to impoverish the people, and deprive them worthy lives in the social system. There are situations of under remuneration for workers in Nigeria, decline in production, negligence of investment and an over spending on the political system and its political leisure class. These situations have always made promises of increase in wages for the workers enticing, and the political leisure class know this; and often exploit it to service their whims and interests.

The inauguration of the 30 participant National Minimum Wage Committee, for the renegotiation of a new minimum wage for Nigerian workers, has elicited a lot of perspectives, criticisms, expectations and hope among Nigerians. The committee was inaugurated on November 27 2017 by President Muhammadu Buhari; and has been argued by critics to be an avenue from which the government can score political points. Labour had earlier submitted a proposal of 54,000 naira to the federal government as a new minimum wage, since the current realities in the country has proven the present minimum wage of 18,000 naira can no longer support workers' welfare.

The implementation of a minimum wage policy may result in short-term increases in income. However, over time, factors such as inflation and other macroeconomic variables might erode these benefits (Aneke et al., 2014). This means that if minimum wages are increased it may lessen the burden of the labour force for a short while, but may present even worse situations in the future, if certain systemic issues that initiated the prior poverty are not addressed. Minimum wages are important if they are intended from the beginning to give the workers a foothold, as the social system is being fixed.

Most economic problems of Nigeria are largely based on declining productivity. Since the discovery of oil, the Nigerian productive base has been largely revolving around oil crude; and

since there was a strong insistence on the sector, other sectors began to suffer, and this diminished productivity in other sectors of the economy. Even the oil sector in Nigeria, does not exist and function without external complement, as oil mined from the country is exported for refining and re-imported into the country, thus crushing the country's dignity in the international market, where her currency is but a "dwarf" amongst giants. This low productivity is also crudely exaggerated by the poor levels of motivation of workers, which often reduces their commitments and has made industrial enterprises failures; an example is the Ajaokuta Steel Complex.

Anayaba (2012) demonstrated that the living standard and wellbeing of Nigerians have consistently declined since independence, despite the presence of rich material and human resources. Uwakwe (2012) emphasised that in Nigeria, government officials who embezzle public funds for their own benefit contribute to a situation where the majority of Nigerians are impoverished and lack basic necessities, leading to social exclusion and a degraded quality of life. In Nigeria, the political leisure class in spite of putting in the least productivity earns so much from the system, whilst the workers pay for their extravagant lifestyles. They engage in what Veblen describes as conspicuous consumption and thus foisting the pains of their greed on the people.

Anayaba (2012) expresses concern about the increasing number of Nigerians who are unable to afford three nutritious meals daily, as well as a decent quality of living and reasonable accommodation in both urban and rural areas. The health facilities in Nigeria suffer from significant deficiencies. They are inadequately distributed, overburdened, underfunded, poorly administered and maintained, ill-equipped, and understaffed. The staff members lack current medical capabilities and are de-motivated (Agboti & Nnam, 2015). Furthermore, Nigerian roads have deteriorated from poor to abysmal and from a bearable state to completely non-

operational. Nigeria is said to have accident rates comparable to highly populated nations like China and India due to its inadequate road network (Anayaba, 2012).

An argument for an increase in the minimum wage in Nigeria is obviously plausible, since the workers, especially those at the lowest cadres, live on the brink of destitute. They cannot on their "jobber-man" salaries, cater for the needs of themselves and their families, not to talk of lofty wants. Thus, an increase in the minimum wage will achieve most in the lives of the Nigerian labour including: increasing the purchasing power of workers, stimulating the economy by increasing the flow of money and capital, reduce brain drain at least to an extent, reduce corrupt tendencies, improve workers welfare and those of the dependents such as clothing, health care, education, nutrition etc. These improvements are very much needed in the Nigerian society, even if it is to be temporary fix.

However attractive the minimum wage may be, and besides all its luscious beatification by politicians who aim to use it to score political points, it is evident that the minimum wage insistence is a way of tackling the symptoms of the Nigerian problem, whilst ignoring their roots causes that stem from an almost systemic failure, ineptitude of leadership, lack of ideology in governance, near absence of basic social amenities, failure to industrialize, declining productivity, quasi or faulty capitalism etc. These systemic problems in Nigeria produce symptoms such as corruption, poverty, incoherence in policy etc.

Poverty in Nigeria includes the lack of fundamental necessities such as water, healthcare facilities, power, well-maintained roads, and quality education. It also entails the absence of protection for individuals and their possessions, leading to a pervasive sense of despair (Nwude, 2013). This lack of basic amenities in the system often forces organized labour to go

on strike as a way of bargaining for better conditions for her members, thus, making Nigeria to lose quantum man hours and productivity. In order to tackle such issues, Nwude (2013) correctly recommends that the government should allocate more funds to sectors of the economy that have the potential to generate employment and increase the production of goods and services at reasonable prices. Additionally, it is advised to hire professional managers to oversee the nation's fiscal and monetary policies to ensure economic stability. Furthermore, it is crucial to enhance the infrastructure of government-owned schools and hospitals, improve road networks, and provide accessible and affordable water, electricity, food, housing, and security for the well-being of citizens. These measures are very important in readdressing the Nigerian situation.

5 Conclusion and Recommendations

5.1 Conclusion

The examination of the institutional mechanisms and governance structures governing minimum wage regulation in Nigeria, with a focus on enhancing compliance, transparency, and accountability, reveals both challenges and opportunities inherent within the country's socio-economic landscape. Through the lens of the two specific objectives, this study sheds light on critical issues surrounding minimum wage policies and offers insights for future research and policy action.

The first objective aimed to assess the existing institutional mechanisms and governance structures governing minimum wage regulation in Nigeria. The empirical reviews highlighted the fragmented nature of Nigeria's minimum wage governance framework, characterized by overlapping mandates, jurisdictional ambiguities, and inadequate enforcement mechanisms. From a comparative perspective, Nigeria lags behind in terms of institutional capacity, transparency, and stakeholder engagement compared to international best practices. These

findings underscore the urgent need for institutional reforms aimed at streamlining regulatory frameworks, clarifying responsibilities, and enhancing coordination among relevant stakeholders to improve the effectiveness, legitimacy, and accountability of minimum wage governance in Nigeria.

The second objective focused on identifying key challenges and opportunities for enhancing compliance, transparency, and accountability in minimum wage regulation. Through stakeholder perspectives and comparative analyses, the reviews elucidated a range of challenges, including corruption, bureaucratic bottlenecks, weak enforcement mechanisms, and inadequate representation of informal sector workers. However, they also underscored opportunities for reform, such as leveraging technology, strengthening regulatory capacity, and promoting stakeholder engagement to foster trust, legitimacy, and effectiveness in wage regulation processes. Importantly, the perspectives of labour unions emphasized the need for inclusive governance mechanisms that ensure the representation of diverse interests and facilitate social dialogue and consensus-building among stakeholders.

In synthesizing the findings, it is evident that addressing the challenges inherent within Nigeria's minimum wage governance framework requires a multifaceted approach that combines institutional reforms, capacity-building initiatives, and participatory governance mechanisms. Policymakers must prioritize anti-corruption measures, streamline regulatory processes, and enhance enforcement mechanisms to improve compliance and transparency in minimum wage regulation. Additionally, fostering inclusive stakeholder engagement, particularly involving labor unions and informal sector representatives, is crucial for enhancing the legitimacy and effectiveness of wage regulation processes. By learning from international best practices and adapting context-specific reforms, Nigeria can move towards a more

transparent, accountable, and inclusive minimum wage governance framework that promotes social justice, economic development, and shared prosperity for all its citizens.

5.2 Recommendations

1. Streamline Institutional Mechanisms: To address the fragmented nature of Nigeria's minimum wage governance framework identified in Objective 1, policymakers should prioritize institutional reforms aimed at streamlining regulatory structures and clarifying responsibilities. This could involve consolidating oversight functions under a single regulatory body or establishing clear coordination mechanisms among existing agencies at the federal, state, and local levels.

2. Enhance Stakeholder Engagement: Building on the insights gathered from Objective 2 regarding the importance of stakeholder perspectives and participatory governance mechanisms, policymakers should prioritize enhancing stakeholder engagement in minimum wage decision-making processes. This could involve establishing formal mechanisms for tripartite consultations involving government, employers, and workers' representatives, as well as incorporating informal sector voices into policy discussions.

3. Investment in Capacity Building and Technology: Recognizing the capacity constraints and technological gaps highlighted in both objectives, policymakers should invest in capacity-building initiatives and leverage technology to strengthen minimum wage governance in Nigeria. This could include providing training and resources to regulatory agencies and labour inspectors to enhance their capacity for enforcement and monitoring.

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