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Economic recession and employment security in Nigeria in the 1980s

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Since the beginning of the 1980s the Nigerian labour market has experienced a dramatic decline in employment opportunities – largely as a result of unfavourable internal and external economic conditions. These have also led to fundamental changes in the industrial relations system: as a result of falling capacity utilisation in industry, many employers and unions have resorted to workforce reduction strategies, union membership has declined significantly, and unprecedented interest is being shown in employment security measures. For better or for worse, these moves appear to be bringing about a significant change in the nature of the labour-management relationship.

My aim in this article is to describe and explain the origins of the problem, and the response of the social partners to job security issues. I argue that worsening economic conditions and the survival instinct of the two sides of industry have induced greater interest in labour-management collaboration. While this willingness to collaborate may appear transient, the long-term consequences of economic restructuring make union-management co-operation a highly desirable strategy for the 1990s. After a brief review of certain critical macro-economic indicators, the article proceeds to an analysis of government, labour and management approaches to employment security. A concluding section assesses the long-term implications for labour relations of the on-going adjustments.

1. Growth and recession

The Nigerian economy achieved a high rate of growth up to the end of the 1970s. During the period 1965-80 GDP grew at an average of 8 per cent a year.[1] Much of this growth was accounted for by a remarkable structural change in the economy at the end of the 1967-70 civil war. Thus, whereas the extractive sector (primarily petroleum) accounted for 1.2 per cent of total

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[1] World Bank: *World Development Report 1988* (Washington, DC, 1988), p. 224.

GDP in 1959, by 1971 its share had risen to 15.1 per cent. On the other hand, agriculture, which accounted for 63.1 per cent of GDP in 1959, saw its share reduced to 42 per cent in 1971.[2] The manufacturing sector, which grew at an average rate of 13.2 per cent between 1971 and 1980, provides additional evidence of this transformation of the economy.[3] Oil revenue rose from 172 million naira (N) in 1969 to N507 million in 1970, an increase of 194 per cent in just one year, and since the 1970s has accounted for between 80 and 98 per cent of total government revenue.

The State as primary actor in the economy therefore had massive resources at its disposal. In consequence, the economy expanded phenomenally, and politically motivated development plans and programmes, often ill-conceived and poorly implemented, sprouted up all over the country. The industrialisation policy, which was founded on import substitution, required the importation of large quantities of raw materials for the rapidly growing industries [4] so that by 1981 the ratio of imports to GDP stood at 25 per cent.[5]

By that year, however, the situation had started to change radically (see table 1). The decline of the economy itself reflected a chronic dependence on the oil sector, which experienced a series of shocks throughout the 1980s. In the face of a world-wide oil surplus, Nigeria's output dropped sharply from 2,092,331 barrels a day in January 1981 to 1,785,791 a day by December of the same year, resulting in a 31.5 per cent fall in oil revenues. This led to a balance-of-payments deficit of N2,967 million.[6]

The deficits have resulted in an increase in outstanding debts. Debt as a proportion of GDP was only 2 per cent in 1975, but by 1987 had risen to an astounding 122.6 per cent. The increase in government deficits has mirrored the trend in general price levels. Although it is believed that the published inflation rate is a conservative estimate, the decline in real wages during the 1980s attests to the rapid decline in the standard of living. Certainly, with population growth at about 3 per cent a year, the country's per capita income fell throughout the 1980s.

In response to the deep economic crisis, the profligate civilian administration of Shehu Shagari was compelled to introduce a medium-term

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[2] Federal Office of Statistics: *National accounts of Nigeria* (Lagos, 1976).

[3] Federal Ministry of Economic Development: *Third National Development Plan, 1975-80* (Lagos, 1975), p. 22, and *Fourth National Development Plan, 1981-85* (Lagos, 1981), p. 16.

[4] For a detailed account of the economy and its politics see S. Schatz: *Nigerian capitalism* (Berkeley, University of California Press, 1977); and idem: "Pirate capitalism and the inert economy of Nigeria", in *Journal of Modern African Studies* (Cambridge), Mar. 1984, pp. 45-58; H. Bienen: *Oil revenues and policy choice in Nigeria*, World Bank Staff Working Papers No. 592 (Washington, DC, World Bank, 1983); and T. J. Biersteker: *Multinationals, the State and control of the Nigerian economy* (Princeton, Princeton University Press, 1987).

[5] P. A. Akatu and E. U. Olisadebe: "Management of the Nigerian economy", in *Economic and Financial Review* (Lagos), Dec. 1987, p. 58.

[6] Central Bank of Nigeria: *Annual Report and Statement of Accounts, December 1981* (Lagos), pp. 2 and 24.

Table 1. Economic indicators, 1980-87

Indicator	1980	1981	1982	1983	1984	1985	1986	1987
Real GDP [1]	5.3	(8.4)	(3.2)	(6.3)	(5.2)	5.3	(2.1)	1.2
Real GDP per capita	(0.6)	(6.3)	(3.4)	(11.0)	(8.9)	(8.1)	(6.2)	...
Inflation [2]	9.0	20.8	7.7	23.2	39.6	5.5	5.4	10.2
Wages [3]	100.0	94.0	101.5	74.9	42.3	41.8	...	...
Exchange rate [4]	100.0	111.0	114.0	134.0	185.0	166.0	91.0	29.0
Debt as % of GDP	8.9	13.0	14.1	21.1	20.5	22.1	53.1	122.6
Reserves [5]	5.8	2.0	1.2	1.0	1.7	2.0	1.9	...
Investments as % of GDP	21.8	27.5	21.6	16.8	12.3	9.6	...	...

[1] Percentage change based on 1980 naira. [2] Percentage change in the Consumer Price Index. [3] Real minimum wage index: 1980 = 100. [4] Real effective exchange rate to the US dollar: 1980 = 100. [5] Average number of months covered by reserves.

Sources: Central Bank of Nigeria: *Annual Report and Statements of Accounts* (various years); ILO: *World Labour Report 3* (Geneva, 1987); T. M. Callaghy: " Lost between State and market: The politics of economic adjustment in Ghana, Zambia, and Nigeria", in J. M. Nelson (ed.): *The politics of economic adjustment in developing nations* (Princeton, Princeton University Press).

stabilisation programme in April 1982. Then in December 1983 General Buhari seized power and subsequently introduced additional austerity measures. The Buhari administration was itself ousted in a coup led by General Babangida in August 1985. In 1986 a Structural Adjustment Programme (SAP), which had the support of the World Bank and the International Monetary Fund, was introduced. The SAP aims at: *(a)* restructuring the economy with a view to diversifying the productive base and reducing dependence on the oil sector and on imports; *(b)* achieving fiscal balance-of-payments viability; *(c)* laying the foundation for sustainable growth with a minimum of inflation; and *(d)* improving the efficiency of the public sector.[7]

The problem of low industrial activity

Worsening economic conditions and the introduction of stringent recovery measures since 1982 have seriously affected industrial activity. Production was severely curtailed in the crucially important oil sector, and also in manufacturing, which was heavily dependent on imports and had difficulty procuring raw materials, machinery and spare parts. Between 1980 and 1984, total industrial production declined by 23 per cent.

During 1986-87, installed capacity utilisation in manufacturing as a whole was expected to be between 35 and 38 per cent,[8] but in the branches

[7] S. E. Omoruyi: "A review of the structural adjustment programme, the foreign exchange market and trade policies in Nigeria", in *Economic and Financial Review*, Dec. 1987, pp. 29-33.

[8] Central Bank of Nigeria: "A review of business activity, January-June 1985", in *Economic and Financial Review*, Sep. 1985, p. 38.

which relied heavily on imported inputs, such as electronics, automobile assembly, sugar confectionery, paints, plastics, beer and metal products, it in fact fell below 20 per cent.[9] Exceptions to this widespread underutilisation of resources were a few companies producing cement, leather products, rubber and grains, which achieved higher capacity utilisation rates thanks to locally available inputs. The problem of capacity utilisation was exacerbated by the inability of local industries to compete with superior imports and by a decline in purchasing power.

Employment effects

During the boom years employment expanded significantly. Total wage employment rose by 117 per cent from 1.4 million in 1970 to 3 million in 1980. Employment in manufacturing increased by 74 per cent and in construction by 91 per cent.[10] During this period neither unions nor employers had much reason to be concerned with what was soon to become the most significant issue in human resource management: employment security. Most collective agreements merely incorporated, routinely, the principle of "last-in, first-out" prescribed in the legislation in case of redundancies. Some agreements provided simply that union and management "would meet in the event of redundancy" while others had nothing to say on the matter. The labour market in these years generally favoured jobseekers, and long-duration unemployment was largely limited to "unemployable" youths. Unemployment was uncommon for skilled workers.

The economic recession of the 1980s has resulted in a general reduction in the level of employment as companies shed labour to reflect the decline in their operations. Aggregate unemployment is thought to be somewhere between 10 and 15 per cent, but this may be a conservative estimate. Available statistics do not give a completely accurate picture of the magnitude of the unemployment problem in the various industries, but the figures in table 2 – showing change over a single year – give some indication of its seriousness.

These data refer to the private sector, which accounts for approximately 45 per cent of modern sector wage employment. The remaining 55 per cent is in the public sector. Again, reliable statistics are lacking, but the consensus is that between 1982 and 1987 workforce reductions probably affected about 1 million employees. In 1988 several parastatals reduced employment by as much as 60 per cent: Nigeria Airways, which is in the process of being commercialised, reduced its workforce by 60 per cent while the Nigerian

[9] Central Bank of Nigeria: "Performance of the manufacturing subsector during the first quarter of 1987", in *Economic and Financial Review*, Mar. 1987, p. 18.

[10] Federal Ministry of Economic Development, *Third National Development Plan, 1975-80*, op. cit., p. 369, and *Fourth National Development Plan, 1981-85*, op. cit., p. 427.

Table 2. Employment in three industrial sectors by occupation, 1984-85

Sector	1984	1985	% change
Manufacturing	51 183	48 009	–6.2
Professional/administrative	3 865	3 916	+1.3
Clerical/office	11 181	10 642	–4.8
Technical/operatives	36 137	33 451	–7.4
Trading/service	23 455	22 721	–3.1
Professional/administrative	4 522	4 400	–2.7
Clerical/office	11 192	10 835	–3.2
Technical/operatives	5 304	5 097	–3.9
Others	2 437	2 389	–2.0
Building/construction	2 922	1 874	–35.9
Professional/administrative	393	228	–42.0
Technical/operatives	1 675	1 058	–36.8
Others	854	588	–31.1

Source: Central Bank of Nigeria: "A review of business activity, January-June 1985", in *Economic and Financial Review* (Lagos), Sep. 1985, pp. 37-41.

Railway Corporation, a semi-commercial government agency, cut its staff of over 10,000 by 34 per cent. Practically all sections of the public sector, including state and local governments, have similarly reduced employment, since all depend in large measure on Federal Government revenues. This trend in workforce reduction in the public sector has continued up to the present.

2. Public policy and employment security

Public policy on the protection of employment is spelled out in the basic legislation concerning the individual employment relationship. Thus the Labour Decree of 1974 requires due notice of termination of the employment contract and specifies the procedures to be followed in the event of redundancy.[11] However, as Uvieghara has rightly observed and as we shall see below, this labour legislation offers only very limited job security in practice.[12]

Under section 11 (2) of the Decree, either party is required to give notice of intended termination of the contract, the length of notice depending on the period in employment. However, the force of this requirement is circumscribed by subsection 5 which recognises the right of either party "to

[11] Labour Decree No. 21 of 1974. See *Legislative Series* (Geneva, ILO), 1974 – Nig. 1.

[12] E. E. Uvieghara: "Nigeria", in R. Blanpain (ed.): *International encyclopaedia for labour law and industrial relations*, Vol. 7 (Deventer, Kluwer Law and Taxation Publishers, 1986), p. 99.

treat the contract as terminable without notice by reason of such conduct by the other party as would have enabled him so to treat it before the making of this Decree". This provision preserves the employer's right to terminate an employee's appointment on the grounds of misconduct. Where this right is exercised with malice, there is remedy under section 80 of the Labour Decree.

Also, under section 16 (1) of the Decree, an employer must provide suitable employment every day and is made liable to pay regular wages for each day without work. Where, owing to "a temporary emergency or other circumstances beyond the employer's control (the period of which shall not exceed one week . . .)", he is unable to provide work, the employer need pay regular wages only for the first day of that period. The one-week period may be extended at the discretion of a labour officer but otherwise it follows that if there is still no work at the end of the week the employer must resume paying regular wages. The law does not define "temporary emergency" but it was apparently meant to cover the failures of infrastructural services (electricity, water, etc.) which were common in the 1970s. It is doubtful if the architects of the law foresaw the long spells of lay-offs witnessed in the 1980s. To circumvent or mitigate the effects of this potentially costly provision (i.e. having to pay workers for whom there is no work), employers have often sought to negotiate alternative arrangements with the unions.

Redundancy, defined as "an involuntary and permanent loss of employment caused by an excess of manpower", is regulated under section 19 of the Labour Decree. Subsection 1 requires the employer to inform the trade union or workers' representative of the reasons for and the extent of the anticipated redundancy. When discharging workers, employers are expected to apply the principle of "last in, first out", with due regard to such factors as merit, skill, ability and reliability. The employer is merely required to "use his best endeavours" to negotiate redundancy payments for any discharged workers not covered by general or specific regulations which the Minister of Employment, Labour and Productivity is empowered to make for the compulsory payment of redundancy allowances. As Uvieghara points out, however, the Minister has not exercised this power.[13] Despite the somewhat limited support offered by public policy, many collective agreements in the private sector now provide for payment of fairly adequate and reasonable redundancy benefits.[14]

Although the law thus encourages unions and employers to negotiate redundancy agreements, collective agreements are not binding in Nigeria except: *(a)* where both sides choose to be bound by the agreement; [15] *(b)* where the Minister of Employment, Labour and Productivity exercises his

[13] Uvieghara, op. cit., p. 111.

[14] See *Proceedings* of the National Conference on the Impact of Economic Recession on Collective Bargaining in the Private Sector, Department of Industrial Relations and Personnel Management, University of Lagos, 1985.

[15] A. A. Adeogun: "The legal framework of industrial relations in Nigeria", in *Nigerian Law Journal* (Lagos), 3, 1969, pp. 13-40.

powers under section 2 (3) of the Trade Disputes Decree, 1976, to compel compliance with the terms of an agreement; and *(c)* through the application of compulsory and binding awards of either the Industrial Arbitration Panel or the National Industrial Court.[16]

The incomes policy introduced in 1976 focused mainly on inflation, the balance of payments and income distribution, and only very indirectly on employment security. Since 1982, however, the implicit goal of incomes policy has been to protect employment, and to this end a freeze was imposed on wages from 1983 until 1987, when it was partially removed to allow negotiations on fringe benefits. In 1986 the National Minimum Wage Act of 1981 was amended to limit its application to employers of 500 or more employees, instead of the original 50 or more. Employers in agriculture, whatever the size of their workforce, were excluded. Although the Government appears to have intended this amendment as a pro-employment gesture, it was condemned by both employers and unions, whose views had not been sought, and was eventually rescinded.[17]

Throughout the 1980s the response of public policy to employment security was determined by the regulations described above. However, in April 1984, as a result of union pressure on the Buhari administration to stem the alarming rate of lay-offs and redundancies, the Minister of Employment, Labour and Productivity issued a directive requiring employers – somewhat feebly – to "inform him in advance" of intended redundancies or lay-offs. The Minister's intentions were not clear, but no precedent existed for him to bar employers from adjusting their workforce as necessary. A few days later, a government department announced the "compulsory retirement" (a public sector euphemism for redundancy) of some 300 employees, thereby not only making a mockery of the directive, but condemning it to obscurity. In fact, as the next section will show, employees have lost practically all rights to job security in the public sector.

3. Labour-management approaches to employment security

The general picture presented in the foregoing – large-scale unemployment through workforce reductions and the absence of forceful legislative support for employment security – makes a joint labour-management approach highly desirable. In view of the fundamental differences between the private and public sectors in this respect, they are discussed separately below.

[16] See Trade Disputes Decree (No. 7) of 1976 (*Legislative Series*, 1976 – Nig. 1); and T. Fashoyin: *Industrial relations in Nigeria* (London and Lagos, Longman, 2nd ed., 1990), Ch. 9.

[17] Minimum Wage (Amendment) Order, 1986.

The private sector

The contraction in both business activities and workforces, and the consequent decline in union membership and income, have impelled many Nigerian unions to accord employment security the highest priority among their bargaining goals. Overall union membership in Nigeria was reported to have declined from 1.4 million in 1982 to 1.2 million in 1987, a drop of 13 per cent.[18] In fact, this figure probably understates the real decrease, as data by industry suggest. For example, in the construction and textile industries, the drop in membership was astronomical. The construction workers' union, which had a membership of 160,000 in 1982, declined by 78 per cent to 35,000 members in 1987. Union membership among textile workers fell by 60 per cent from 200,000 in 1979 to 80,000 in 1984. Several other unions have experienced similar falls in their membership.[19]

In addition to their collective bargaining efforts, many unions during the 1980s devoted considerable time and energy not only to persuading employers not to reduce their workforce (there were grounds for believing that some employers were indulging in indiscriminate or precipitate reductions), but also to encouraging a more positive public policy stance towards industry. During 1983-84, for example, the National Union of Textile, Garment and Tailoring Workers made written appeals and held meetings with government officials to emphasise the industry's need for larger import quotas to procure the necessary raw materials. Similar efforts were made, and are still being made, by unions in the food, electronics and construction industries.[20] At the delegates' conference of the Construction and Civil Engineering Senior Staff Association in 1986, the union's President took pride in his union's efforts to protect jobs in the industry, which included: *(a)* persuading government to pay debts of N1,200 million it owed to construction companies; and *(b)* pleading for government contracts to big (and hence unionised) companies rather than to "emergency, makeshift" constructors.

The variety of approaches to the employment security issue have two general characteristics in common. First, one single approach is seldom preferred to several complementary responses. The methods used by Cadbury Nigeria Limited throughout 1982-87 are representative: work relocation, training and retraining, compulsory leave with or without pay, suspension of overtime and weekend jobs, and tightening of disciplinary

[18] Federal Ministry of Employment, Labour and Productivity, Registry of Trade Unions, 1988.

[19] Ibid.

[20] I. Imoisili: "Collective bargaining in the Nigerian private sector", in *Labour and Society* (Geneva), Oct.-Dec. 1984, p. 385; and T. Fashoyin: "Collective bargaining challenges during economic recession", in U. G. Damachi and T. Fashoyin (eds.): *Contemporary problems in Nigerian industrial relations* (Lagos, Development Press, 1986), pp. 47-48.

rules.[21] Second, for the most part employment security policies in industry are reached through the collective bargaining process. While collective bargaining is not mandatory, its wide use in regulating employment terms in the modern sector makes negotiations on employment security relatively crisis free.[22] As an illustration, in 1984 several companies in the food industry, faced with acute shortages of raw materials, embarked on lay-offs and redundancies. The shop-floor workers were covered by a clause on job security in their national agreement but no such provision figured in the collective agreement for senior staff. Guidelines on job security were hurriedly agreed at the national level allowing individual employers to negotiate conditions for lay-off and redundancy benefits for those affected.[23]

Bearing in mind the interdependence of approaches to employment security in the various companies and organisations, five principal means can be distinguished.

Flexibility in manpower utilisation and work rules. Several companies concluded formal and informal agreements with the workers' unions to allow management a free hand in the deployment of employees on the basis of company need without union interference. One particularly significant agreement was reached between Cadbury Nigeria Limited and its workers' union to disregard narrowly defined job or occupational classifications. Thus, when the packaging division of Cadbury was unable to continue production during 1982-85, employees were redeployed to other divisions.[24]

Many companies also made changes to their work rules, in order to achieve optimal use of human and material resources. Such changes often concerned the disciplinary procedures which had been established in collective agreements. Employers dealing with workers' offences were thereby free to bypass the long and elaborate agreed procedures. In the textile industry, for example, a major company, rather than adopt an outright workforce reduction in 1984, agreed with the union that bad work behaviour, such as lateness, absenteeism, indolence and poor performance, was sufficient reason for summary termination.

Leaves and shorter working hours. A significant number of companies reduced employees' working hours in order to keep factories running and thereby save jobs. Companies reduced the number of shifts or totally abolished the shift system. A study by the Central Bank of Nigeria found the number of companies operating three shifts declined by 12.1 per cent between 1984 and 1985.[25] In many industries, such as automobile plants,

[21] A. O. Oloyede: *Human resource management in a recessionary economy: The case of Cadbury Nigeria Limited*, unpublished M.Sc. dissertation, University of Lagos, 1988.

[22] Imoisili, op. cit. pp. 376-387.

[23] Fashoyin: "Collective bargaining challenges . . .", op. cit., p. 53.

[24] A. A. Ogunyolu: *An assessment of labour-management co-operative efforts in a recessionary economy: A case study of Cadbury Nigeria Limited*, unpublished M.Sc. dissertation, University of Lagos, 1984; and Oloyede, op. cit.

[25] Central Bank of Nigeria: "A review of business activity", loc. cit.

metalworking, textiles, shops and the distributive trade, agreements were reached on various arrangements for shorter hours of work.

In the Peugeot assembly plant in Kaduna, after the workforce of about 3,000 employees was halved in 1986, the second shift was abolished, and the remaining employees worked intermittently with substantially reduced compensation. Other companies, such as Five Star Industries Limited in Lagos, retained the shift system, but each shift's work hours were cut. Other methods, commonly used in the electrical appliance and food industries, for example, included short-time work and intermittent shut-downs. Advancement of the annual leave entitlement and long leaves, sometimes with pay but often without, have become common practice. In many cases of unavoidable lay-off, payment of benefits was limited to housing allowances or rent subsidies for the duration of the lay-off.

Delayed renewal of collective agreements. Many employers and unions share the view that the severe economic conditions of the 1980s and beyond threaten the financial viability of organisations in which they hold a stake.[26] In these circumstances it has seemed that the most realistic approach to the problem was to postpone negotiations on the renewal of collective agreements as they became due and simply to extend them, usually indefinitely but sometimes for a specific period. In fact, since 1982 most agreements that were renewable have not been renewed.

In the paper and paper-board industry, for example, the national agreement signed in 1980 should have been renewed in 1983. However, at a meeting of the National Joint Industrial Council held in November 1983, both the union and the employers' association agreed that:

1. the life of the 1980 agreement on conditions of service be extended by one year with effect from 14th November 1983;
2. in effect, there shall be no review of wages and allowances or introduction of new ones during the period;
3. this agreement may be reviewed after six months subject to a significant improvement in the economy and the operations of the member companies, and
4. both managements and employees shall co-operate to maintain peace and industrial harmony throughout the period.[27]

At the next meeting of the industry's NJIC held in 1986, i.e. after a three-year freeze on wages, the parties noted that:

> the economic climate was yet to become [so] favourable as to call for a comprehensive review of all negotiable issues but, at the same time, the Council felt that there was need to review some aspects of the existing Collective Agreement with a view to bringing about some measures of relief to the workers.[28]

[26] F. Longe: *Compensation packages for economic recovery*, Industrial Relations Forum No. 3 (Lagos, Institute of Personnel Management, 1986).

[27] Imoisili, op. cit., p. 385.

[28] "Memorandum of Agreement between the Paper and Paper Board Manufacturers and Converters Association and the National Union of Paper and Paper Products Workers", 24 Feb. 1986.

Only three allowances – leave, house rent subsidy and transportation – were actually increased.

Reduction in employee compensation. The economic recession has also made necessary a downward review of compensation packages in both sectors of the economy. During the boom years of the 1970s employers had willingly and generously conceded wage demands, and the country witnessed a phenomenal growth in benefits. In response to worsening economic conditions and the need to save jobs, several companies negotiated with the unions to curtail or cancel overtime and weekend work. In areas of production such as the food, textile and electrical goods industries, and of services such as health care, employers and unions reached agreements to reduce pay and to freeze or abolish benefits and allowances. For instance, in Kaduna Textiles Limited, where the management's labour policies led to riots and demonstrations in January 1984, several agreements aimed at saving jobs were signed between the two parties. The February 1984 agreement reduced wages by 25 per cent; this amount was regarded as forced savings, repayable when the company's finances permitted. Some benefits were cancelled, others frozen.

Early retirement and voluntary departures. An important feature of employment adjustment arrangements over the past decade has been increased use of early retirement and voluntary termination. Several companies have encouraged both junior and management employees to take early retirement with generous benefits. In many instances, the qualification period for receipt of a gratuity was reduced. In the textile industry, for example, a 1983 agreement reduced it to five years' service, and a grant of 2.5 months' pay in lieu of notice was conceded.[29] Some agreement clauses which required ten years of service for gratuity benefits were waived where employees were made redundant shortly before completing the minimum requirement. A variant of this measure, particularly for management employees, is the lump-sum benefit known as the "golden handshake". Companies manufacturing food or consumer products sometimes give retiring employees distributorships of company products, which serve to mitigate the loss of a regular salary income.

The public sector

The public sector's recent experience with employment issues reveals a paradox: the total repudiation by the employers of what historically has been the main attraction of public employment – job security. The gradual loss of the right to job security as a condition of employment in the sector began in 1975 when the Mohammed/Obasanjo military regime retired and dismissed public employees on a massive and unprecedented scale to eradicate what it described as "low productivity among deadwoods". This "purge" has, unfortunately, been repeated by successive military regimes in the 1980s.

[29] Fashoyin: "Collective bargaining challenges . . .", op. cit., p. 53.

Furthermore, the centralised system of wage determination and the generally unilateral attitude of governments as employers to labour relations make a bilateral approach to employment security practically impossible.[30] In fact, there is little evidence to indicate that in the 1980s the public employer viewed job security as a serious policy issue at all. Not only have employers shown little or no compunction in making workforce reductions throughout the public sector, but legislative measures now exist to reinforce this tendency. Thus, as the scale of dismissals and retirements escalated in 1984, the Buhari administration issued a decree denying any aggrieved retired employee the right to seek legal redress against wrongful retirement,[31] which is obviously an abrogation of the remedy granted under the 1974 Labour Decree.

In 1985, finding it increasingly difficult to finance the severance benefits due to those forcibly retired, state governments began to reduce the scale of retirements. Any interpretation of this move – which does keep employees in their jobs – as an employment security measure is undermined by the state governments' frequent defaults in the payment of salaries and benefits.

Public sector employee compensation has also been reduced, frozen or cancelled during the 1980s. In December 1984 the Federal Government unilaterally revised benefits downwards: transport allowances and medical benefits were reduced, overseas family allowances, transfer grants and no-claims bonuses were all frozen, while allowances for dental treatment, warm clothing and subsidised lunches were cancelled.[32] The wage freeze was lifted in 1988 and public sector employees were granted rises of up to 15 per cent. Benefits were increased, sometimes by as much as 200 per cent, only to be reduced or cancelled again in 1989, as the economic climate deteriorated.[33] Even then, the reduced cost of the public sector wage bill did not mean that all employees received the compensation due to them.[34]

4. The dilemma of employment security policies

The above analysis of approaches to employment security suggests a high rate of concessions on employment conditions to avoid job losses: a

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[30] U. G. Damachi and T. Fashoyin: "Labour relations in the Nigerian civil service", in A. Gladstone et al. (eds.): *Current issues in labour relations: An international perspective* (Berlin and New York, Walter de Gruyter, 1989); and R. Cohen: *Labour and politics in Nigeria* (London, Heinemann, 1974), Ch. 6.

[31] Public Offices (Special Provisions) Decree (No. 17) of 1984.

[32] *Revision of some fringe benefits*, Circular No. B63304, 21 Dec. 1984 (Lagos, Cabinet Office).

[33] Budget speech 1989 by General I. B. Babangida, Lagos, 31 December 1988.

[34] T. Fashoyin: "Labour and the Nigerian economy", in *Vierteljahresberichte – Probleme der Entwicklungsländer* (Bonn), No. 116, June 1989, p. 170.

classic dilemma for unions and their members.[35] Both partners agreed to the principle of concession bargaining on the assumption that the economy would improve, but it remained, as already shown, in deep crisis throughout the 1980s. This has forced employers who signed concession agreements in good faith to resort, ultimately, to lay-offs and redundancies: in practically all cases concessions aimed at saving jobs have failed as a long-term strategy. Yet unions have seen no alternative to concession bargaining in the face of increasing unemployment, declining compensation and living standards for their members, as well as falling membership and union finances. The case of Cadbury, cited earlier, illustrates the dilemma: though the company succeeded in maintaining its workforce between 1982 and 1985, it had to reduce employment by 54 per cent in 1986 as a result of poor business results.[36]

In the public sector concession bargaining hardly exists. The reductions in the workforce or in compensation in the 1980s were not designed to protect jobs nor were they negotiated, as was the case in the private sector. An example of the practice in the public sector was the controversial plan decreed in March 1985 by the Imo State Military Governor. In an effort to ensure that public employees received their salaries when due, the plan stipulated that, in any given month, the state government (as employer) would distribute its allocation for salaries among *all* employees and, depending on the size of its revenue in a particular month, the amount paid to each employee would vary; though this amount could not fall below 50 per cent of the individual's actual salary for that month. Shortly after the plan was introduced, the state embarked on systematic lay-offs of public servants.

This plan had only implicitly sought to protect jobs, and in due course practically all public sector employers proceeded to lay off staff. In 1988, for instance, as already noted, the Nigerian Railway Corporation reduced its workforce of 10,000 by a third, and this despite an offer from the Nigerian Union of Railwaymen to trade a freeze on employees' benefits against the withdrawal of the planned reductions.

5. Concluding analysis

The central concern of the unions in the 1980s was job security, and the variety of strategies they adopted to defend it demonstrates the serious

[35] For a discussion of concession bargaining and the dilemma for unions, see E. M. Kassalow: "Concession bargaining: Something old, but also something new", in *Proceedings of the 35th Annual Meeting of the Industrial Relations Research Association*, New York, 28-30 Dec. 1982, pp. 372-382, and "Concession bargaining: Towards new roles for American unions and managers", in *International Labour Review*, 1988/5, pp. 573-592; E. Córdova and D. Dror: "Introduction", in ILO: *Collective bargaining: A response to the recession in industrial market economy countries* (Geneva, 1984); "Concessionary bargaining: Will the new co-operation last", in *Business Week* (New York), 14 June 1982, pp. 66-81; and "A union split over givebacks", in *New York Times*, 29 Jan. 1989, p. 10F.

[36] Oloyede, loc. cit.

impact of economic recession on labour. These strategies also indicate the concern of some employers, but continuing economic decline circumscribed labour-management efforts to ensure job security. The job security programmes have been confined to a relatively small number of enlightened employers in the unionised sector, and their coverage excludes workers not belonging to unions (a category difficult to estimate but probably accounting for more than the unionised workers). In effect, this means that jobs held by the majority of workers are not protected in any practical sense.

These various approaches to employment security have brought about two fundamental developments in industrial relations. The first has taken place within the union movement. While the economic recession has encouraged solidarity, the failure of concession bargaining to protect jobs in the long term has undermined the credibility of national union leaders among rank-and-file members, who tend to blame them for having miscalculated the merits of concession bargaining. At the same time, issues that normally would have been settled by the centralised system of wage determination have been tackled at enterprise level. This emerging trend is the inevitable result of the differing impact of recession on individual companies, which has led to the greater involvement of branch (local) unions. Local union leaders have acquired power at the expense of the national union leadership.[37] What long-term effects these changes will have on internal union management and on labour relations depends not only on what happens to the economy but also, importantly, on a second fundamental development in industrial relations.

This is the discernible trend towards greater co-operation and collaboration between unions and managements in their efforts to deal decisively and realistically with the employment consequences of the recession. Management invites opinions and suggestions from unions and workers, and their leaders are allowed access to company data which traditionally were exclusive to management. Also, unions have gone out of their way to solve problems traditionally regarded as the responsibility of management.

The current level of co-operation between unions and management (co-operation which has developed for the most part outside the established consultative machinery) is no doubt a transient phase, not destined to lead to an end to adversarial relations. On the other hand, the introduction of fundamental economic restructuring will emphasise the competitiveness of industry through deregulation and privatisation and thus increase the need for labour-management co-operation to improve the efficiency of enterprises. In the final analysis, the question then seems to revolve around the pace of economic recovery and growth and the genuineness of both parties' commitment to security of employment as a joint union-management objective.

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[37] C. Ugboko: *Impact of economic recession on collective bargaining in the banking industry*, Paper presented at the Annual Conference of the Department of Industrial Relations and Personnel Management, University of Lagos, 14-15 October 1985.

In the public sector, where the privatisation and commercialisation of public enterprises is under way, reductions in the workforce will certainly continue until the affected organisations have reached economically viable employment levels. The observable evidence suggests, however, that the labour tensions associated with this process have been mitigated by a reasonable degree of consultation and negotiation between management and workers. As regards the civil service proper, while the scale of lay-offs and terminations has diminished in recent months – owing partly to higher oil revenues following events in the Gulf and partly to the general improvement in the economy – the lack of serious attention to consultation between management and trade unions poses a serious threat to industrial peace in the service, particularly at the state level.