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THE POLITICS OF MINIMUM WAGE IN NIGERIA: THE UNRESOLVED ISSUES

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ABSTRACT

One of the duties of government is to ensure the welfare of her citizens. This is also reflected in Nigerian constitution in Section 14(b) of the 1999 constitution which states that the security and welfare of the people shall be the primary purpose of government. One way through which attempt has been made to address the issue of welfare is the legislation of a national minimum wage. In this direction, between 1934 and 2011, many commissions and committees had been set up to undertake either a holistic or partial review of salaries and wages in the public service. This was in apparent realization that the workers could no longer survive on what they earn, since those who work also have to support their families who form part of the huge army of the unemployed. Though, these reviews did not come without intense agitation by the workers but the question has been, after all these protocols, is the welfare of the citizens maximized through decent standard of living. Through archival and field study research it was discovered that wage reviews were largely not structured to address the basic needs of the workers. This has led to frequent strike actions by workers aimed at getting government to agree to negotiate a new minimum wage and a general upward review of wages. Inflation continues intensifying with the disproportionate cost of foods and living index increasing. Consequently, the erosion in the real wages and salaries of workers is alarmingly severe. Conclusively the prevailing minimum wages paid by the three tiers of government are grossly inadequate compared to the sustainable budgets for all the family income levels as well as the international benchmarks of the United Nations.

Keywords: Minimum wage, Low income family, Middle income family, High income family, Sustainable budget, Under remuneration.

INTRODUCTION

Among the few variables that helped to locate and showcase Nigeria on the world map include football, big size, population, poverty and corruption. It surprises many as to why a country so endowed, is as well ridden and riddled with poverty and this poverty is said to be robustly caused and cuddled by corruption. Corruption is a major cause of poverty as well as a barrier to overcoming it. The two scourges feed each other locking their populations in a cycle of mystery. Many said that corruption must be addressed if aid is to make a real difference in freeing people from poverty. Today in Nigeria, three square-meals is a luxury, good shelter over ones head is a problem, and education has become a luxury that is available only to the high income thieves in government. It is now more like a question of who will steal higher.

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The Nigerian worker has necessitated several magic acts to the point that files appear and disappear depending on the price involved. A visit to government offices makes you see corruption walk side by side with ethnic and tribal sentiments and nobody cares. Workers paced from one office to another doing nothing with idiotic efficacy and inefficiency. Despite all the best intentions of the government, many government offices remain one of busy doing nothing. The effort of few productive workers is abused by the same unequal wealth that sees the elite squander on frivolities.

On February 13, 2012 at a press briefing at Abuja, Yemi Kale, Statistician-General of the Federation and Chief Executive Officer of the National Bureau of Statistics (NBS) presented the 2010 Nigeria Poverty profile report. He made it clear that in both absolute and relative terms, poverty in Nigeria has been on the increase since 2004. According to him 54.7% of Nigerians were found by NBS to be living in poverty in 2004. The figure was found to have increased to 60.9% (or 99,284,512 Nigerians) in 2010. With respect to those considered as suffering from absolute poverty, that is, those who are incapable of providing minimal requirements necessary to afford minimal standards of food, clothing, healthcare, and shelter, the North was found to have ranked higher than places in the Southern part of Nigeria. He went further to state that among the six geo-political zones, the North-West and North-East recorded the highest rates of 70% and 69% respectively, while South-West had the least at 49.8%. The South-South recorded 55.9% while South-East recorded 58.7% in the NBS survey. At the state level, Sokoto had the highest rate of 81.2% while Niger had the least at 33.8% during the review period.

The NBS forecast for 2011 shows a gloomy picture for the entire country as poverty level would increase to about 71.5, 61.9, and 62.8 percent in North-Central, North-East and North-West respectively. Soludo (2008) said that poverty is unacceptably high in Nigeria but the alarming and persisting level of poverty in Nigeria is a phenomenon in the North. He advised that as the nation moves together on national development, poverty eradication and achieving its vision 2020 objectives, we must pay attention not to leave a big proportion behind. Muhammed, (2012) warned that since the North constitutes 62% of Nigerian population and 72% of land mass, if the North is not moving, then the whole country is not moving, and unless Nigeria grows together and moves forward together, any part of Nigeria which is not moving forward will drag the entire country backward. He laments that the category of people who get into public service in Nigeria are some of the worst possible human beings this country has brought up. Ideally a country should be led by its best and brightest as professed by Plato the Philosopher. Here in Nigeria we are being led by the worst, the least intelligent and the least honourable. That is why it is a hell of a task to prosecute the war against corruption which is the very thing that threatens Nigeria's survival and threatens us individually and collectively. He submits that unless something is done about corruption in Nigeria, Nigeria is finished and we are not going anywhere. We can only make noise about our potentials.

According to Agbaegbu (2012), in the Northern part of Nigeria the Northern leaders are worried over the gloomy statistics forecast for the region by the National Bureau of Statistics (NBS). Majority of people from the North lives on less than USD1.5 per day poverty line. The USD1.5 per day is the current benchmark adopted by the World Bank for measuring poverty levels in the World (Agbaegbu, 2012). In both absolute and relative terms these groups of people living under the USD1.5 per day benchmark belong to the class of people whose income earning capacity makes it impossible for them to provide basic needs of live such as basic education, shelter, health facilities and good medication. They are poor and wretched. Their plight is a reflection of the level of poverty afflicting many people in Nigeria, hence the need to reflect on the adequacy of the minimum wage amount in Nigeria. The above scenarios paint the picture of how Nigerian citizens toil hopelessly to bridge the gap between income

and expenditure all to no avail. Where there is no form of social security policy for citizens of a nation, there is great disagreement as to whether the minimum wage is effective in attaining its goal of reducing poverty. The living wage obviously differs from the minimum wage. The living wage is a decent wage. It affords the earner and his family the most basic cost of living. The import of this paper is to do a survey on Nigerian public service employment and its salary structure to reveal why majority of civil servants is not happily employed and are in desperate need to change their jobs. It examines the living standard in Nigeria with particular interest in Enugu town, the capital of Enugu state of Nigeria, with respect to the budget estimates of the low, middle and high income earners. The research question is, can the national minimum wage meet the basic needs of all the strata of workers in Nigeria?

Fairness of wages has to be judged with reference to government's own wages. This implies that the wages paid by the government has a more far reaching implication than those paid in the private sector. This has made minimum wage the subject of several serious discourses. The objective of minimum wage fixing is among others to give wage earners the necessary social protection in terms of minimum permissible levels of wages. This work seeks to examine the standard of living in Nigeria with respect to adequacy or otherwise of the prevailing minimum wage by the three-tiers of government, international benchmarks and challenges of the under remunerated workers. Following this introduction is section two which reviews the current landscape of Nigerian wage system and recent efforts by workers to rebuild the dignity of labour. Section three highlights the research method adopted in the study while section four proposes the sustainable budget estimates of three categories of family based on income earning capacity that required to be properly matched with the national wage system. The fifth section concludes the paper.

LITERATURE REVIEW

Standard of living is the level of wealth, comfort, material goods and necessities available to a certain socioeconomic class in a certain geographical area, as nurtured by quality income, quality employment hours of work, class disparity, GDP, inflation, price stability, quality and affordable housing, healthcare, education, economic and political stability, adequate infrastructures, safety of lives and properties among others. It is usually measured by the per capita income. The amount that can fetch an entity a good living standard should be called a minimum wage. It is the lowest hourly, daily, or monthly remuneration that employers may legally pay to workers or the lowest wage at which workers may sell their labour. It can be said to be the minimum sum payable to a specific categories of employees for work performed or services rendered within a given period, which can be calculated on the basis of time or output, or be deduced by an individual or by collective bargaining agreement that is guaranteed by law and which may be fixed in such a way as to cover the minimum needs of the worker and his family in the light of national economic and social conditions. The International Labour Organization (ILO) defines minimum wage as a wage which provides a floor to the wage structure in order to protect workers at the bottom of the wage distribution. The ILO further points out that minimum wages are nearly a universal policy instrument that applies in more than 90% of ILO member states, including Nigeria. As the ILO further noted, minimum wage must take a legal perspective that must have the legal backing of the law and be enforceable under threat of penal or other appropriate sanctions. It is this aspect of the minimum wage saga that generates the heated battles between labour organizations and governments.

Besides the minimum wage articulated by the ILO, Ethical Trade Initiative (ETI) defines minimum wage as a wage that allows a worker to provide for him and his family to buy essential medicines, send children to school and to save for the future. A poverty or non-living wage is one associated with workers skipping meals so that they can feed their children,

borrowing from neighbours and loan sharks, cutting out essential expenditures (medicines, clothing, etc), and taking extra work at home or another factory job in order to make ends meet. From the foregoing, it is evident that a country might have a minimum wage backed by law while in terms of real value it may be worth nothing. The value might have terribly depreciated especially in an economy marked by frequent uncontrolled inflation as in the Nigerian situation where many cry that their take home pay cannot take them home. The import of this is that the existing minimum wage is no longer realistic, hence the cry for living wage. In Nigeria, minimum wage refers to the minimum monthly salaries payable to workers as provided by the subsisting minimum wage law. It is the emolument which is deemed to be sufficient to satisfy the provision of the essential necessities of life like food, shelter, clothing, education, medication, and recreation of the worker, considering the economic and cultural development of the nation. Where there is no form of social security policy for citizens of a nation, there is great disagreement as to whether the minimum wage is effective in attaining its goal of reducing poverty.

The first minimum wage was enacted by the government of New Zealand in 1894. This is followed by minimum wage law enacted by Victoria State of Australia in 1896 where an amendment to the Factories Act provided for the creation of a wages board. The wages board did not set a universal minimum wage rather it set basic wages for six industries that were considered to pay low wages. This law served as a model used in fashioning out the British Trade Board's Act 1909. In the USA, Massachusetts enacted the minimum wage law in 1912. This was the earliest enactment of its kind in the USA. Eight other states in the USA followed in 1913. It is worthy of note that even though the practice of minimum wage globally is old, the duration, details and nature of the practice has varied from country to country. According to Dolle (1999) and Metcalf (1999), the USA and France were among the countries with the longest practice of applying a single national minimum wage. A national minimum wage was introduced in UK in April 1999. UK adopted a new minimum wage with national coverage after dismantling its system of industrial level minimum wages in the 1980s. Ireland introduced a national minimum wage the first time in 2000. Argentina, Brazil, China and South Africa are not left out in the practice of minimum wage with the intention to provide social protection to the vulnerable and non-organized categories of workers. Argentina and Brazil revitalized their minimum wage policy in the early 2000 with the intention of helping to reverse the decline in the wages of workers (Onuegbu, 2010). China regulations on minimum wage were issued in 2004 as a result of the growing concerns about the widening wage inequality. South Africa introduced minimum wage floors in 2002 in order to support the wages of millions of low-paid workers in different economic sectors.

In Nigeria, the history of minimum wage cannot be separated from the history of public service negotiations and increments. It dates back to the colonial era and the setting up of Hunts Commission in 1934 (Appendix-1). It is significant to note that the first national minimum wage Act of 1981 prescribed a minimum wage of N125 per month (FGN Official Gazette 1981, A53-57). This was revised in 1991 to N250 per month, revised again in 2000 to N5,500 per month, and in 2011 to N18,000 per month. The Justice Alpha Belgore Committee submitted a bill on the National minimum wage amendment to the National Assembly on July 1st 2010, with the following recommendations: 1. A national minimum wage of N18,000 per month for all establishments in the public and private sectors employing 50 workers and above. 2. An upward review of the sanctions that would serve as a deterrent for not paying the new national minimum wage as follows: a fine not exceeding N100, 000 or imprisonment for a term not exceeding six months or both, and in the case of continuing the offence, a fine of N10, 000 for each day during which the offence continues. 3. A more frequent review period not exceeding 5 years to be carried out by a statutory tripartite committee that would be appointed from time to time by the President of Nigeria. This bill was passed into law on March 15, 2011 by both arms of the national assembly with minor adjustments as follows.

That as from the commencement of the National Minimum Wage Act 2011, it shall be the duty of every employer to pay a wage not less than the national minimum wage of N18,000 per month to every worker under his employment. The penalty for failing to pay minimum wage is N20, 000 while the penalty for every additional day the default continues is N1000. The FGN and the organized labour later in 2011 renegotiated the new minimum wage. On August 16, 2011 the two parties signed an agreement which revised the national minimum wage to N18, 900. It is pertinent to note that there has not been a uniform application of the minimum wage by the three-tiers of government in Nigeria. Each of them has a unique salary structure for its public servants. In Enugu State, the minimum wage for both the state and local governments is N18, 500 while the Federal government pays exactly a minimum wage of N18, 900.

From the origin of minimum wage it is easy to decipher that in the absence of minimum wage, some workers are likely to be subjected to a terrible low wage. With this low wage they are like dis-enabled to act like human beings. This is so because under that condition their ability to discharge their responsibilities to society and even to themselves would be seriously jeopardized. It is not out of place that workers have and do exercise their right to demand that labour be treated with dignity. It is equally not surprising that workers expect the society and the nation to have a corresponding duty to ensure that their right to dignity of labour and the right to minimum wages are respected. Section 17(3b) of 1999 constitution of the Federal Republic of Nigeria directs that the conditions of work are just and humane. The ILO on its own side recognizes the dignity of man and has come up with ILO conventions labeled Core Standards which recognizes four basic aspects in fixing wages.

One of the discoveries of Abraham Maslow in his study of what he called the exemplary people such as Albert Einstein, Jane Addams, Eleanor Roosevelt, Fredrick Douglass and the healthiest 1% of the college student population is the identification of five human needs in 1943 ranked in a hierarchical order from lowest to highest tagged Abraham Maslow Hierarchy of Needs. *He left out the study of mentally ill or neurotic people because he felt that the study of crippled, stunted, immature, and unhealthy specimens can yield only a cripple psychology and a cripple philosophy.* The order of the needs is physiological, safety, Love, esteem, and self-actualization. An individual moves up the hierarchy and when a need is substantially realized, the need for the next materializes. **1. Physiological needs** are the basic physical needs for sustaining the human life. For example, air for breathing, food, clothing, shelter, water, sex, sleep, medicine, education, homeostasis, excretion. If these requirements are not met, the human body will malfunction. **2. Safety needs** are freedom from physical danger and of the fear of losing a job, property, food or shelter, protect against any emotional harm, have a safe home, secure income, sufficient salary, benefits and medical insurance. That is, security of body (personal security), employment (financial security), resources, morality, the family, health and property (health and well-being security). In the absence of physical safety as a result of war, natural disaster, family violence, or economic safety due to economic crisis and lack of work opportunities, these safety needs manifest themselves in such things as a preference for job security, grievance procedure for protecting the individual from unilateral authority, maintaining savings accounts, insurance policies, reasonable disability accommodation, and the like. **3. Social needs** are to belong and be accepted by others, like to have family and friends to satisfy the need for affection, acceptance and friendship as social beings. Interacting and cooperating with co-workers and leaders. Human beings feel a sense of belonging and acceptance, whether it comes from a large social group such as clubs, office culture, religious groups, professional organizations, sports teams, gangs, or small social connections (family members, intimate partners, mentors, close colleagues, confidants). The absence of these elements due to lack of hospitalism, neglect, shunning, ostracism, etc. can impact on individual ability to form and maintain emotionally significant relationships in general and make people become susceptible to loneliness, social

anxiety, and clinical depression. **4. Esteem needs** are to be held in esteem both by self (internal esteem) and by others (external esteem). The internal esteem calls for self-respect, personal strength, competence, mastery, self-confidence, independence, and freedom won through experience. The external esteem calls for respect of others in terms of status, recognition, fame, power, prestige and attention. Deprivation of esteem needs can lead to inferiority complex, weakness and hopelessness. Psychological imbalances such as depression prevent one from obtaining self-esteem. **5. Self-actualization** which is the highest need in Maslow's hierarchy is to fulfill one's potential and self-fulfillment and maximize one's potential and to accomplish something one desires. Employees in this rank try to be creative, avoid prejudice, accept facts, and be morally upright, to maximize their knowledge, skills and performance to do a good job.

Obviously there are some criticisms to Maslow's theory. There are arguments that there is still no adequate empirical verification to support Maslow's theory and frame work (Bowditch, 1997). There are also concerns that the numbers of levels of needs may be only two or three levels instead of five levels (Aamodt *et al.*, 2007). Thirdly concerns the methodology, where some argued that the numbers of people included in the samples are small which might be a suboptimal sample, scientifically spoken (Bowen, 2000). Maslow's theory predicts that once the needs at one level are satisfied, the next needs level should become more important and human beings will move up the hierarchy, satisfying one need before moving on. Researchers have shown that this order does not necessarily happen. For example, according to Aamodt *et al.* (2007) and Bowen (2000), there are many examples of people who exhibited at very least aspects of self-actualization and they were far from having their lower needs taken care of. Many artists and scientists, (VanGogh and Galileo, for example), suffered from mental illness, and yet were able to produce works that changed the world.

In the light of the above analysis, motivation is a complex phenomenon which is influenced by individual, cultural, ethnic, and historical factors. According to De Cenzo *et al.* (1996), people who are motivated use a greater effort to perform a job than those who are not motivated. Motivation can be defined as a series of energizing forces that originate both with and beyond an individual's self. These forces determine the person's behavior and therefore, influence his/her productivity. In other words this means that all thinkable factors of physical or psychological aspects that we interact with, leads to a reaction within our self or of the entire organization. This reaction can be either positive or negative and lead to an increased or decreased productivity and motivation. Energizing forces can therefore be anything from the work environment to the charisma of the management and so on. Another definition for Motivation is the willingness to do something, conditioned by the action's ability to satisfy some need. Although in a basic sense this definition is correct, it needs to be modified for organizational reasons, that is, the effort that employees make can be misguided. Therefore, it must be focused toward some organizational goals and at the same time must satisfy both organizational and individual needs (De Cenzo *et al.*, 1996). Motivation was in the beginning of the 1900 thought only to be monetary. It was discovered during the 20th century that there are more factors than just money to motivate employees. The employees' satisfaction with their job is an important indicator for a good job performance and that happy employees are productive. It is also concluded that motivation is a psychological factor and is affected by the workers mental attitude and health. In order to be motivated, a person needs to have certain basic needs fulfilled. If these needs are lacking, a person's self esteem and self actualization cannot develop. This could result in lack of interest to progress and develop, both professionally and personally.

Most businesses and organizations strive to improve quality and performance of their products, services, internal or external operations. The reasons for this can be various, depending on the goals the business or the organization have set. Important goals could

concern an effort to assure a firm a stable ground in the market or to improve cost-effectiveness. From Bolman (1997) perspective, one strategy for reaching higher goals and development is motivation. Employees who are motivated produce a higher quality of work and effectiveness which means that motivation is a key factor for progress within an organization or business. A profound knowledge of motivation and its meaning is therefore essential for success and development (Colin, 1995; De Cenzo, 1996). Motivating employees is a key factor for a company to succeed in their business. From the foregoing, understanding Maslow's hierarchy of needs will be very useful in articulating a good minimum wage package for the workers in Nigeria. Evaluating the different needs, values, drives, and priorities of people from different backgrounds individually or collectively, will be incredibly valuable in giving workers living wages within the workplace.

METHODOLOGY

A budget is an estimate based on future expectations. It can be budget of anything but the anchor of this paper is financial budget. A financial budget is an estimate of income and expenditure of an entity (individual, household, business, and nation) for a chosen period of time. Usually the ideal Ibo family setting or household in Nigeria is made up of father, mother, many children and many dependant relatives. On the other hand the Nigerian tax laws recognize only 8 persons comprising of father, mother, 4 children and a maximum of 2 dependant relatives. A nuclear family is made up of father, mother, and children but the study assumed a nuclear family made up of a father, a mother, and four children for obvious reasons. The family setting is a nuclear one who eats from the same pot and what one person eats is what the rest of the family will eat. There are some amenities and necessities that warrant no provision for daily financial expenditures. Ideal situation is assumed in the preparation of this budget. Also the following assumptions were made. 1. Classification of families into income earning capacity was done as follows: Low income earners.....up to N100, 000 per month, medium income earners.....up to N300, 000 per month, high income earners.....above N300, 000 per month. Alternatively, civil service salary scale can be used thus: low income earners.....Level 01 – 10, medium income earners..... Level 11 – 14, high income earners..... Level 15 – 17. Moreover, class of housing includes high density area for low income earners who usually live in two rooms with shared facilities, high-low density area for medium income earners who are likely to live in three bedrooms flat self contained, and low density area for high income earners who are likely to live in duplex.

FINDINGS AND DISCUSSIONS

Standard of living means the comfort or quality of life available to a certain social economic class in a certain geographical area. It can be measured by per capita income, purchasing power of the currency in circulation, poverty rate, and availability of living-income-generating employments, affordability of housing, balanced foods and other necessities of life. Budget is an estimated income and expenditure which an individual, organization, or government is expected to realize and spend over a given specified period of time. A budget could either be favourable or unfavourable. When the estimated income is greater than the estimated expenditure over the period of time, the budget is favourable and in other words it is said to be a surplus budget. When the estimated income is less than the estimated expenditure over the period of time, the budget is unfavourable and in other words it is said to be a deficit budget. Hereunder is a budget of a low level income earning family of six persons made up of a father, a mother, and four children (two boys and two girls). The ages of the children are first female child (10), second male child (8), third female child (6), and the fourth male child (4). The family lives in a two rooms with a seating room apartment in a high density area of Enugu, capital of Enugu State of Nigeria. The family is of Christian faith and commute to

work places, schools, place of worship, and other places by public transport. The family budget is broken down into days, weeks, months, and year as follows in Table-1.

Table 1: Expected sustainable budget for low income family (in N)

s/n	Items	Daily	Weekly	Monthly	Yearly	MonthlyPay	Surplus/(D eficit)
1	Food(1)	1,601	11,205	44,820	582,660	GL 1 step 14	
2	Shelter	357	2,500	10,000	120,000		
3	Clothing(2)	228	1,594	6,377	82,900		
4	Education(3)	426	2,985	11,938	155,200		
5	Medicals	150	1,050	4,200	54,600		
6	Utilities(4)	184	1,288	5,154	67,000		
7	Transportation(5)	198	1,385	5,538	72,000		
8	Kitchen Utensils	27	192	769	10,000		
9	Toiletries(6)	114	796	3,185	41,400		
10	Mother's care	54	192	1,538	20,000		
11	Father's care	54	192	1,538	20,000		
12	Children's care	54	192	1,538	20,000		
13	Social Welfare	27	192	769	10,000		
	Total	3,474	24,149	96,597	1,255,760	30,701	(65,896)

Source: Compiled from field study and Enugu state harmonized salary structure 2011

From the perspective of monthly estimates of income and expenditure, it is purely an unfavourable budget for the this tier of family setting as the wages and salaries paid to civil service workers in this category are grossly inadequate to take them home. The current national minimum wage of N18,000 which translates to N600 per day on the average of 30 days a month, N4,200 for a week, is however, far below the minimum cost of providing basic needs for the low income earning family. The above estimate shows that the monthly expenditure of the low income family on their basic needs is N96, 597 and the weekly expenditure is N24, 149 while their daily expenditure is N3, 474. It is discouraging to note that the monthly income when compared to minimum wage is not capable of taking care of the family's basic needs for a month. The daily and weekly incomes are also far cry from the daily and weekly needs that cost N3, 474 and N24, 149 respectively for the lowest income earner. If a worker is left like this, he has the option of either skipping meals, involving in indebtedness, cutting out some necessary expenditures, taking extra work, or involve in malpractices such as forging official documents, taking bribes, inflating prices of goods and services meant for office use, which will consequently deplete the common purse to the detriment of the citizens' welfare.

In Table 2 below is a budget for a medium income earning family with a father, a mother and four children – two boys and two girls. The boys are 8 and 4 years while the girls are 10 and 6 years. They live in a three-bedroom flat in New Haven area of Enugu, capital of Enugu state of Nigeria and they are Christians. The Father has a car with which he goes to work in the morning, but he first drops off the children at their primary school. After school, the kids find their way back home by public transport. The mother who is a house wife moves around by public transport as the need arises and does her Saturday shopping by the same means. The budget for their 1 year expenditure is broken down in days, weeks, months and a year and is as follows:

Table 2: Expected sustainable budget for middle income family (in N)

s/n	Items	Daily	Weekly	Monthly	Yearly	Monthly Pay	Surplus/(Deficit)
1	Food	6416	44,910	179,640	2,155,680	GL12 step 11	
2	Shelter	63	438	1750	21000		
3	Clothing	1185	8297	33,188	398,260		
4	Education	1648	11,536	46,143	553,720		
5	Medicals	256	1792	7167	86,000		
6	Utilities	405	2833	11,330	135,960		
7	Transportation	311	2176	8704	104,448		
8	Kitchen Utensils	196	1371	5483	65800		
9	Toiletries	189	1320	5280	63,360		
10	Mother's care	453	3170	12,680	152,160		
11	Father's care	68	475	1,900	22,800		
12	Children's care	29	200	800	9,600		
13	Social Welfare	1224	8,567	34,267	411,200		
14	Car Maintenance	432	3021	12,083	145,000		
15	Others	229	1604	6,417	77,000		
	Total	13,104	91,710	352,397	,392,388	60,522	(291,875)

Source: Compiled from field study and Enugu state harmonized salary structure 2011

From the perspective of monthly estimates of income and expenditure, it is purely an unfavourable budget for the this tier of family setting as the wages and salaries paid to civil service workers in this category are grossly inadequate to take them home. The N65,000 maximum wage translates to N2,167 per day on the average of 30 days a month, N16,250 for a week. These are far cry from the daily and weekly needs that cost N13, 104 and N91,710 respectively for the middle income earner. From the budget, the Government's minimum wage of N65, 000 would not suffice to cater for and satisfy the needs of a middle income earner who is married with four kids. We are of the opinion that the Government should look into the salary of the middle income earner and review it upwards making an increase because his take – home pay cannot take him home. The big question now is how this family can survive on its monthly earning without borrowing. In Table-3 is a budget for High Income Earning family of 6 namely: father, mother, and four children. They live in a duplex apartment fully self contained at the Independence Layout, Enugu. The father goes to work on his official car while the mother drives herself to the office. The summary of their daily, weekly, monthly and yearly budget is in Table-3, From the perspective of monthly estimates of income and expenditure, it is purely an unfavourable budget for the this tier of family setting as the wages and salaries paid to civil service workers in this category are grossly inadequate to take them home. The N90, 000 minimum wages translates to N3, 000 per day on the average of 30 days a month, N22, 500 for a week. These are far cry from the daily and weekly needs that cost N32, 140 and N224, 982 respectively for the highest income earner.

Table 3: Expected sustainable budget for high income family (in N)

s/n	Items	Daily	Weekly	Monthly	Yearly	Monthly Pay	Surplus/(Deficit)
1	Food	10,860	76,018	304,072	3,648,868	GL 16 step 9	
2	Shelter	4,167	29,170	116,700	1,400,000		
3	Clothing	2,750	19,252	77,008	924,100		
4	Education	1,045	7,317	29,267	351,200		
5	Medicals	512	3,583	14,333	172,000		
6	Utilities	2,358	16,504	66,017	792,200		
7	Transportation	200	1400	5,600	67,200		
8	Kitchen Utensils	417	2,917	11,667	140,000		
9	Toiletries	189	1,320	5,280	63,360		

10	Mother's care	2,750	19,252	77,008	924,100	
11	Father's care	1,247	8732	34925	419,100	
12	Children's care	726	5083	20,333	244,000	
13	Social Welfare	314	2,200	8,800	105,600	
14	Car Maintenance	2,293	16,050	64,200	770,400	
15	Others	289	2,021	8,083	97,000	
16	Leisure	1,667	11,667	46,667	560,000	
17	Contingency	357	2,500	10,000	120,000	
	Total	32,140	224,982	899,927	10,799,128	106,200 (793,727)

Source: Compiled from field study and Enugu state harmonized salary structure 2011

Table-4 shows the minimum wage rates applicable in various states in Nigeria. Table-5 shows the premium motor spirit (PMS) price per litre in some of the Organization of Petroleum Exporting Countries (OPEC) and the level of minimum wage operational in each. From the table 4.5 it could be seen that Nigeria is Africa's largest oil producer but pays the least minimum wage among OPEC. As a result of corruption, the domestic refineries are inoperative. As a consequence, Nigeria imports over 70% of its gasoline into the country for sale to its citizens. The price of petrol has increased from N65 per litre to at least N110 in filling stations and from N100 to at least N200 at the black market, from which many Nigerians buy their fuel. With each rise in fuel price, there is a commensurate rise in the cost of production of goods and services which would be transferred on to the consumers, without a commensurate increase in the minimum wage. Unfortunately, even when fuel prices were reversed in the past, the increase in the cost of goods and services remained unchanged. Given the official exchange rate of the Naira to the US Dollar (USD) as at January 31, 2013 which is N157.50 per one USD, it means that the monthly salary of a low-income, a middle-income, and a high-income worker is USD194.93, USD384.27, USD674.29 per month respectively. These figures compare most unfavourably with the minimum wage arrangements in the US and UK where even other social security services are in place. In the US, the minimum wage rates as at 2011 were in the least, as follows: under US Federal Law receives USD7.25 per hour, employee that receives tips gets USD2.13 per hour, and at Washington it is USD9.04 per hour. In the UK it is £6.19 per hour for those aged above 21 years. A close look at the figures above reveals that there are huge deficits between the sizes of each family sustainable budget and the income earned by each category of workers. With this type of situation in place, each family has limited alternative lines of action to take it must bridge the yawning gap between the income they earn and the sustainable budget they must finance in order to their families afloat. These alternatives include operating within the limits of their income and do away with the full provisions of those essentials of life in their budgets like children education, clothing, food and shelter. Secondly, they can borrow money to augment their income, which they may later default as a result of inadequate sources of income. They can as well engage in fraudulent activities in their places of work like pilfering, embezzlement, and taking bribes in order to meet up. Combination of jobs may be a way out but this can compromise productivity in his official capacity.

Table 4: Monthly minimum wages in Nigeria public Service (in Naira)

s/n	States	Minimum Wage	s/n	States	Minimum Wage
1	Abia	20,100	20	Katsina	18,000
2	Adamawa	18,000	21	Kebbi	18,000
3	Akwabom	18,000	22	Kogi	18,000
4	Anambra	18,000	23	Kwara	18,000
5	Bauchi	18,000	24	Lagos	18,000
6	Bayelsa	18,000	25	Nasarawa	18,000
7	Benue	18,000	26	Niger	18,000

8	Borno	18,229	27	Ogun	18,250
9	Cross River	18,000	28	Ondo	22,000*
10	Delta	18,000	29	Osun	18,000
11	Ebonyi	18,000	30	Oyo	18,000
12	Edo	20,100	31	Plateau	18,000
13	Ekiti	18,000	32	Rivers	18,000
14	Enugu	18,000	33	Sokoto	18,000
15	Gombe	18,000	34	Taraba	18,000
16	Imo	20,100	35	Yobe	18,000
17	Jigawa	18,000	36	Zamfara	18,000
18	Kaduna	18,000	37	FCT	18,000
19	Kano	18,000	38	FGN	18,000

Sources: Office of the Heads of Service *Effective April 2013

Table 5: PMS Price per liter in OPEC countries (in Naira)

s/n	OPEC countries	Population	Production mbpd	PMS Price per litre	Minimum Wage
1	Venezuela	29,105,632	2,340	3.61	95,639
2	Kuwait	3,566,437	2,340	34.54	161,461
3	Saudi Arabia	27,136,977	9,800	25.12	99,237
4	Iran	75,330,000	3,700	102.05	86,585
5	Qatar	1,696,563	810	34.54	101,250
6	UAE	8,264,070	2,500	78.18	101,250
7	Algeria	36,423,000	1,360	63.55	55,957
8	Libya	5,670,688	1,650	26.69	23,813
9	Iraq	30,399,572	1,481	59.66	25,813
10	Nigeria	167,000,000	2,250	97.00	18,000

Sources: Microsoft@Encarta@2009, fuel product pricing

From the study, it is evident that the minimum wages paid by the three-tiers of Government cannot cater for the needs of the workers and the following consequences emerged. Decline in Self-esteem: Under-remuneration of the family head is likely to make it impossible for the family to provide for all the family needs and this drastically reduces its standard of living. This may compel him to borrow or engage in some legitimate or unwholesome practices in order to meet up and this may in turn land the family head in trouble and bring the family bad name.

Corruption Practices: It is a well established fact bribery and corruption hold sway in any company where workers are poorly compensated. Most under remunerated workers are easily lured to bribery and corruption because their take-home rarely takes them home and they strive to survive through corrupt practices such as bribery. They have the tendency to seek ways of augmenting their earnings from their workplace by engaging in fraudulent acts such as pen robbery, embezzlement, misappropriation, pilferage and other kinds of corruption. Public offices have turned into hiding places for corrupt officials who perform their duties based on the level of gratification from the beneficiaries of their services. This could be traced to most offices in Nigeria. Go to any office in Nigeria and try to locate a file you are interested in. There is a head tax for that. This behaviour is fast spreading as a norm in public service and it is having negative influence on the innocent minority in the service.

Double Standard: As the wages paid to workers are grossly inadequate to provide for their basic personal and family needs, many of them except the very lazy ones are likely to be tempted to look for additional income-earnings jobs from which they can augment their wages. When they establish shops or engage in other kinds of stressful and time consuming

employments their attention in their places of primary assignments will invariably be divided. That is, workers pay divided attention to official duties as they are compelled to run other private businesses during official hours in order to break the yolk of poverty. There is no doubt that job satisfaction can result from earning living monetary compensation. This can make employee value their jobs more because more of their basic needs are met from their efforts at work.

Brain Drain: If minimum wages are not sufficient to cater for the needs of workers, highly skilled workforce and professionals can emigrate to more advanced economies for greener pastures. As a result public service may be left with the labour that is lazy, indolent, unskilled and unproductive as the highly competent and qualified personnel are likely to look for greener pastures elsewhere. Therefore one of the objectives of minimum wage is to benchmark international standards in order to check and control brain drain. Earning living wages elementarily creates more wealth for those who can put their resources to good use. The extra revenues may be invested in certain other money making ventures. These ventures can create more employment in the sense that a worker whose earnings have increased may decide to give up some menial jobs like laundry and basic errands. Also those who engaged in extra-official jobs to make ends meet may also give them up. This will obviously create vacancies in those positions. These revenues may also be put into achieving better education for school children thereby creating future wealth. **Mobility of labour:** Under remuneration of workers results to changes in the location of workers both across physical space (geographical mobility) and across a set of jobs (occupational mobility). In situations like these, people tend to search for greener pastures, thereby engaging in labour mobility.

Inadequate education: This situation brings about lack or inadequate skills to manage their lives and property. It is a situation whereby the citizens of a nation are unable to receive quality education/learning as a result of poor remuneration of workers. This could be seen in the type of schools that exist in Nigeria. We have both public (government) schools, private schools which are grouped into individuals' private schools and missionary schools. In most public schools, the students have to pay little or no fees. The standard of teaching is also commensurate with fees involved. More so, in private schools, the standard of teaching is good and one can notice the excellent performance of the students both inside and outside the school. The teachers in private schools know that they are strictly on business unlike the public schools where the teachers go and leave school when they like or even stay in the staff room and occupy themselves with idle gossips. Very few parents earning low income are likely to put their children in private schools.

Divided attention and Declining Productivity: The economic problems of Nigeria are largely based on productivity issue. Employees are not dedicated to their duties as they are meant to be especially when they have a feeling of being under remunerated. This could be seen in offices and workshops where the employees abandon their duties for self-interest. For instance, some employees sit in the office, using the office internet facilities to search for better remunerated jobs elsewhere leaving the office work undone. This situation of divided attention is most likely to bring about low productivity. Job satisfaction and improvement in basic living condition can motivate an employee to improve his productivity. Without availability of affordable home amenities, improved healthcare, food security, workers productivity will be on the decline.

Inept Management: This could also be called management without skills. Most management of organizations lacks the skills to carry out their functions adequately. This could be traced to under remuneration in that when management of organizations are not paid well, even if they see opportunities to improve their skills, they will not bother venturing into it once they are to sponsor it from their personal income. However, there are very few exceptions where

management improves their skills personally but they just do it with the intention of getting a better job with a better pay.

Health Issues: The under remunerated workers engage mostly in self-medication. Some are so under remunerated that they cannot afford the bills of government hospitals not to talk of private hospitals. This situation calls for attention in that some have lost most of the important part of their being such as their sight organ, their ability to walk or even eat solid foods. This situation has brought about death to a lot of families. Self-medication is bad in the sense that the practitioners are just engaging in trial and error with their lives. Also, most under remunerated workers in Nigeria find it very difficult or better put, almost impossible to eat three times daily. At times when they are able to provide food thrice a day, it lacks the essential components of a balanced diet. This however, can make a child not to be mentally alert and also reduce a child resistance to sicknesses instead it paves way for sicknesses as a result of malnutrition (kwashiorkor, anaemia) or even reduce the possibility of their wound to heal.

Inadequate Shelter: The housing sector plays a vital role in a country's welfare. This is so because it affects the well being of citizens and other sectors of the economy. It is one of the indices for measuring the standard of living of the populace. Access to an adequate shelter is extra ordinarily very difficult for most under remunerated workers in Nigeria. This is to say that most under remunerated workers reside in houses below standard. This inadequate shelter especially for those houses located in the remote areas, have their own problems attached to it. This could be seen in houses with leaking roofs in that if it rains at night when everybody was already asleep, the dwellers of the house are likely to wake up all soaked or contract pneumonia. Some of the houses have ventilation problems, poor toilet facilities, poor drainage systems, and residents prone to various types of infections.

Inadequate clothing: Clothing is considered one of the three basic needs of mankind. In some households, the children below six years of age run around stark naked, those between six and twelve years wear only under pant. This situation is not mainly because they want to showcase their body but because they do not have the clothing. Also at times, one cannot help but notice some primary and secondary school students of public schools being beaten up and sent home by their teachers, or a headmistress or principal because their school uniforms are crying for a change. A situation like this creates psychological problems for the children.

CONCLUSIONS

From the foregoing, it could be seen that Nigerian National minimum wage was set below the minimum amount of wage adequate for workers of different levels in Nigeria to survive, hence a gross lack of close relationship between salary and basic needs of life. It has been observed that under remunerated workers can constitute premature mortality, significant under nourishment (especially on children), persistent morbidity and illiteracy, among other problems. With the level of minimum wage in place, it is becoming obvious that we are simply working on symptoms but missing the root cause of the problem of its inadequacy. Poverty in Nigeria ranges from absence of basic amenities like water, hospitals, electricity, good roads, good schools, to absence of security of lives and properties and general hopelessness. Payment of N18,000 minimum wage is hereby faulted as one decision that would not solve the problem of Nigerian workers especially because of inflationary tendency. Even if more than that is paid it would be quickly mopped up a hyper-inflation that would come up as the end product because of price mechanism. The issue is not about minimum wage. What is important is to make the Naira has value. After many wages and salary reviews it is still clear that the citizens are not better off. Living standard continues to go down. Conclusively the prevailing minimum wages paid by the three tiers of government are grossly

inadequate compared to the sustainable budgets for all the family income levels as well as the international benchmarks of the United Nations. Poverty wage is commonplace in Nigeria.

RECOMMENDATIONS

From the above findings, it is pertinent on the government to prevent negative things that will hinder workers efficiency by being proactive in galvanizing efforts towards improving the working conditions of the workforce. The quantum of man-hours lost any time the organized labour in Nigeria goes on strike is too high. When good environment exists, productivity will be enhanced, fraudulent malpractices in government offices will be curtailed, workers will no longer have divided attention, and the efforts of all will be geared towards attaining the corporate goals of good governance. It is evident that it takes great measure of management for one to survive in Nigeria. Based on the analysis above, the study strongly recommend that government must invest more in those sectors of the economy that can create jobs that gear up production of more goods and services at affordable costs. The government has to engage the services of professional managers to manage the nation's fiscal and monetary policies in order to maintain economic stability as well as improving the infrastructural facilities in the government owned schools, hospitals, providing good road networks, quality and affordable water, power, foodstuffs, housing, and security of lives and properties. This is the easiest way to lift Nigeria above the poverty line, ensuring healthy living and quality education for the growing child, without which, Nigeria will never be graded as a developing nation, seeking to meet the vision 20:20:20 set programs. Nigerian leaders should try and develop a sense of purpose in the citizenry, teach the growing children the value and need for hard work, creativity and pride in the country, encourage and reward honesty as well. These will enable the individuals to change their behaviour and actions that are inimical to the nation's prosperity. The Minister of education should keep an eagle eye on those implementing educational policies to ensure that corruption and political rhetoric do not cloud reality. School administrators have to be certain that only qualified candidates gain entry into the nation's institutions. There poverty alleviation programs, diversification of the economy to avoid continuous reliance on oil sector whose price is subject to the vagaries of world politics. Workers more so, should be paid living wages as at necessary. Finally, the National Housing Fund (NHF) scheme should be resuscitated out of its present moribund situation.

As inadequate income is a strong predisposing condition of impoverished life and a nation's standard of living is determined by the economic conditions of the nation and the productivity of her citizens, it means a country may prosper if her citizens engage in good works ethics and avoid corrupt practices. How possible can this be without an improved wage system? Improved wage system means improving the material situation of workers and guaranteeing them a basic minimum standard of living which is compatible with human dignity or its sufficiency to cover the basic needs of life. Thus there is need for an improved minimum wage.

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Appendix 1

Wage Review Commissions in Nigeria (1934-2011)

1. Hunts 1934
2. Bridges Commission of Enquiry 1941
3. Tudor Davis Commission 1945
4. Harraign Commission 1946
5. HansburyGorsuch Commission 1954/55
6. News Commission (Elwood Grading Team) 1956
7. Mbanefo Commission 1959
8. Morgan Commission 1963
9. Elwood Commission 1966
10. Adebo Commission 1970/71
11. Udoji Commission 1972
12. Cookey Commission 1981
13. Dotun Philips Panel 1985
14. Fatai Williams Committee 1990
15. Ayida Panel Review 1994
16. Phillip Asiodu Committee 1998/99
17. Earnest Shonekan Committee 2000
18. Alfa Belgore Committee 2009/2010

APPENDIX 2

Wage Acts and Decrees in Nigeria (1981-2011)

1. Wage Board and Industrial Council Act 1977, 4 (Cap. 466) No. 1 of 1973, LFN 55 of 1974)
2. National Minimum Wage Act 1981 (No. 6 of 1981)
3. National Minimum Wage Decree No. 43 of 1988
4. Statutory Corporations (Salaries and Allowances etc) Act 1990
5. Wages Board and Industrial Council Act 1990
6. National Salaries, Income and Wages Commission Decree No.99 of 1993
7. National Salaries, Income and Wages Commission (Amendment) Decree No.17 of 1999
8. National Minimum Wage (Amendment) Act No. 1 of 2000
9. National Minimum Wage (Amendment) Act 2003
10. National Minimum Wage (Amendment) Act 2004
11. National Minimum Wage (Amendment) A