Developing Country Studies
ISSN 2224-607X (Paper) ISSN 2225-0565 (Online)
Vol.4, No.26, 2014

Impact of National Minimum Wage on Low Income Workers in Calabar Municipality, Nigeria

Atseye Fidelis Anake[1*] Takon, Samuel Manyo[2] Ogar, Ogar Ajom[3]
1.Government Technical College Mayne Avenue, Calabar, Nigeria
2.Department of Banking and Finance, Caritas University, Enugu, Nigeria
3.Begastone Nig. Limited, Plot 28 Peace Estate, Ekorinim, Calabar, Nigeria
*E-mail of corresponding author: anakefidel@yahoo.co.uk

Abstract
The study examined the impact of the National Minimum wage on the socio-economic characteristics of low income workers in Calabar Municipal Council Area of Cross River State, Nigeria. Ex post facto research design was adopted for the study. A random sample was conducted to select 305 respondents across government ministries, departments, agencies and parastatals. The study utilized two theoretical frameworks: Relative Deprivation Theory and Public Interest Theory. The major instrument of data collection was questionnaire structured to reflect Likert Scale with 25 items. Data collated were analysed using mean statistics. Hypotheses test statistics was Pearson Product Moment Correlation coefficient. The results show that The National Minimum Wage has not significantly impacted on poverty, employment, income stability and saving of low-wage earners in the public sector. The results provide empirical evidence to support theoretical expectations and existing research findings in socio-economic literature. Based on the findings, it was recommended that public–private partnership should formulate policies and programmes to alleviate the burden of poverty among the citizens for the betterment of the society.
Keywords: national minimum wage, low in workers, wages, savings, poverty.

1. Introduction

Wages increase is aimed at placing the workers in a favourable economic position by increasing their purchasing power in order to surmount their economic problems arising from high cost of consumer goods which has eroded the value of their wages. The prices of goods and services are sky-rocketing. Little wonder therefore, that workers wages are not able to absolve the gargantuan costs of living.

The fixing of minimum wage prevents the exploitation of weak, ill-informed or isolated groups of individuals. Minimum wage affords such people a more comprehensive protection than is available through existing voluntary bargaining machinery (Fapohunda, *et* al, 2013).

Another argument is that by the introduction of Minimum Wage employers are not only hindered from using unreasonably cheap labour, they are encouraged to use human resources more effectively and therefore, raise productivity.

The issue of minimum wage has assumed an intractable dimension. As a result, it gave birth to four district conventions at the international labour organisation, the conventions variously adopted in 1928, 1949, 1951 and 1970. All the essence was to strengthen the minimum wage and devising procedures for fixing, reviewing and also avoiding necessary legalistic ambiguity (Ratnam, 2006).

There are dissenting views among scholars, researchers and policy makers on the impact of minimum wage on the citizenry. Their arguments resolve around employment, income distribution and wage stability. For instance, Stigler (1964) observed that the minimum can have a positive impact on employment. According to Mario, Claude and Alvan (2010), economists believe that on the long-run, the minimum wage can have a negative impact on employment.

In a developing economy such as Nigeria's, the employer has a significant market power and is able to control the wage that he pays. A legal imposition of the minimum wage may increase the level of employment (Mario, *et al,* 2010). The employer has the monopoly power to pay wages below workers productivity. In a situation where the government increases the wage paid (but not above productivity), the employer still has the incentive to keep the worker.

Ultimately, the sign of the impact of the minimum wage on employment is an empirical question. The minimum wage has a political dimension.

The main political goal of the minimum wage is to redistribute income to low-paid workers. As a supplement to the conventions, the international Labour Organization has also passed recommendations to help explain. In one such recommendation, Prasad (1970), addressed particularly developing countries that minimum wage system is meant to and should be an effective instrument of social protection and an element in the strategy of economic and social development. For clarity, the body further emphasized that minimum wage fixing should constitute one element in a policy designed by nations to overcome poverty and to ensure the satisfaction of the needs of all workers and families (Ratman, 2006).

Fundamentally, wage fixing according to International labour Organization (ILO) should be to 'give wage earners necessary social protection as regards minimum permissible level of wages' to be based on prevailing cost of living, among other things. Ogunnlana (1978), suggested a standing policy on wages and salary review to conform with the guideline of International Labour Organization. One of such International Labour organization guideline is that salaries should be reviewed whenever consumer price index rises. In other countries, salaries are reviewed along this International Labour organization line. In Gabon, for example, salaries are reviewed whenever consumer price index rises up to 2 percent; same is applicable in India where proper legislation is being made as regards the minimum wages of various sectors in the economy (Ratman, 2006).

The equity or fairness of wage and salary increase are also important to employees, higher wage increase the purchasing power or workers, accelerates demand for goods and services, thereby learning the stock of goods in warehouses and shops. Top officials of the Nigerian Labour congress (NLC) during the reign of Comrade Adams Oshiomole and then secretary , Comrade Nuhu Mohammed have argued that in spite of the stagnation of worker's salaries, price of goods and cost of living have been galloping and have zoomed beyond unimaginable ratio a few years back, (Lawal, 1998). As the congress president puts it "viewed in the light of the cost of living, it is intriguing how the average Nigerian worker make ends meet"(Lawal, 1998). The congress then, also provided statistics on the cost of living to back up its negotiation demand for a new minimum wage per month. In September 2, 1998 the Head of State, General Abdusalami Abubakar, blazed the trail when he announced a national Minimum Wage of N3,000 to state workers and N3, 500 to federal workers in Nigeria. Similarly, president Olusegun Obasenjo on 1st May 2000 announced a national Minimum Wage of N5,000 to State workers and N7,500 to federal workers. Later, the National Assembly passed into law the National Minimum Wage Act in March, 2011. Therefore, the law mandates President Goodluck Jonathan to follow suit. Accordingly, Nigerian workers are to be paid the sum of N18,000 as minimum wage.

One of the compelling arguments used by proponents of a higher national minimum wage for Nigerian workers is the pitiable level of minimum wage in Nigeria, not only when compared to the actual cost of living, but when examined against the minimum wage in other developing countries. In Africa, countries like Gabon, Algeria, Tunisia and Bostwana have minimum wages higher than Nigeria. For instance, in Bostwana minimum wage is pecked at 3.8 Bostwana Pula (N465. 50k) per hour. Industrial experts and researchers alike agree that relatively high minimum wage motivates employees towards productivity and commitment to work.
What is the influence of the National Minimum Wage on variables such as poverty, employment, income/wage stability and the capacity of low-wage earners to save?

2.0 Review of Related Literature

2.1 Minimum Wage: Conceptual Definition

The term "minimum wage" has come under close scrutiny in recent times, acquiring an increasingly but strangely controversial status both in terms of usage and policy objectives especially in the 1980s.

The concept of minimum wage is often used in a variety of ways in many countries and by different individuals. It is essentially an expression used in a number of circumstances in which a worker's remuneration is not allowed to fall below a given amount. Minimum wage may be defined as the least monetary wage prescribed to be paid to workers in both the private and public sectors of an economy. In the words of Fapohunda, Atiku and Lawal (2013: 20), "Minimum wage can simply be defined as the smallest hourly wage that an employee may be paid as mandated b Federal Law.

According to the Cain Labour Standard Act of 1938 in the USA, Minimum Wage is the minimum hourly rate of compensation for labour as established by Federal Statute and refined by employers engaged in businesses that affect interstate commerce. It may alo be defined as the rate of pay fixed either by a collective bargaining agreement or by government enactment as the lowest wage payable to specified categories of employees (Fapohunda, *et al*, 2013).

The ILO (1996), General Survey of Reports pointed of that denotes the minimum sum payable to a worker for work. Performed or services rendered within a given period, whether calculated on the basis of time or output, which may not be reduced either by individual or collective agreement, which is guaranteed by law and which may be fixed in such a way as to cover the minimum need of the worker and his/her family, in the light of national economic and social conditions.

However, in 1967, the ILO meeting of experts on minimum wage fixing and related problems explained that the concept of Minimum Wage contains 3 basic ideas: (i) The wage should charter for the basic needs of food, clothing, housing, education and recreation of the workers, taking into account the economic and cultural development of each country, (ii) Minimum Wage covers the lowest level of remuneration prescribed by regardless of the workers' qualification, (iii) Minimum Wage is the wage which each country can enforce with penalty and sanctions. One argument is that fixing the Minimum Wage affords workers a reasonable income to meet their basic needs and raise their standard of standard of living.

2.2 Effect of Minimum Wage on Poverty

Minimum Wage is aimed at reducing poverty by distributing the national income to low income workers. However, evidence from a large number of academic studies suggests that minimum wage increase do not reduce poverty levels. For instance, Burkhauser and Sabia (2010) pointed out that an increase in minimum wage will lift some families out of poverty, other low-skilled workers may lose their jobs, which reduces their income and drops their families into poverty. Even among the working poor, the relationship between earning a low hourly wage rate and living in poverty is weak and has become weaker overtime. That is because most workers who gain from a minimum wage increase live in non poor families and most of the working poor already have wages above the required minimums (Burkhauser and Sabia, 2007).

Since 1995, eight studies have examined the income and poverty effects of minimum wage increases, and all but one have found that past minimum wage hikes had no effect on poverty (Wilson, 2012). Burkhauser and Sabia (2010) argued further that state and federal minimum wage increases do not have significant effect on state poverty rate, therefore, low-skilled living poor families who remain employed do see their incomes rise. However, other low-skilled workers lose their jobs or have their work hours substantially reduced, which causes income losses and increased poverty.

2.2.1 Minimum Wage and Employment

Despite the use of different theoretical models to understand the effects of minimum wages on different macroeconomic variable such as inflation, employment, unemployment, poverty and growth, all economists agree that business will make changes to adapt to the higher labour costs after a minimum wage increase. Empirical research seeks to determine what changes to variables such as employment and prices firms will make, and how large those changes will be. The higher costs will be passed onto someone in the long run. Policy makers must remember that a decision to increase the minimum wage comes with a cost; someone has to pay for it (Wilson, 2012). The researcher further explained that the main finding of economic theory and empirical research over the past 70 years is that minimum wage increases tend to reduce employment. The higher the minimum wage relative to competitive market wage levels, the greater the employment loss that occurs.

Centero, Duarte and Novo (2012) examined the impact of increases in the minimum wage on employment stability, wages and income inequality in Portugal spanning 2002 – 2010. They found the detrimental effect on minimum wage increases for employment stability of low-wage workers, with only minor gains in terms of wages.

Research consensus for other countries seems to evolve around the following conclusion: the impact on employment is a debate around zero (Freeman, 1996). The minimum wage seems to have some impact on the wage distribution, but a much smaller impact (if any) on the income distribution (for a detailed discussion see Brown, 1999, Card and Krueger, 1995 and Nevmark and Wascher, 2008). In any case, the initial level and the dimension of the increase in the minimum wage seem to be relevant to set the case. Low increases in the minimum wage are certainly much more employment friendly. What would be difficult after that is to define what a “low increase” is.

2.2.2 Minimum Wage and Income Stability

It is the thinking of the policy maker that wage increase will bring stability to the income of low paid workers, at least in the short run. Centeno *et al* (2012) found a positive correlation between minimum wage increase and relative income stability for low-wage earners. Much of the empirical research has focused on estimating how much an increase in the minimum wage will reduce employment in affected industries and affect groups of workers. Other researches have examined the effects of minimum wages on the number of hours worked, firm profits, worker training, level of work effort, human resource practices, operational efficiencies, internal wage structures, and other parameters. The important thing to understand is that markets often respond to changes in mandatory minimum wages in ways that create negative effects that are unplanned and are not desired by policy makers or the general public (Wilson, 2012).

Empirical evidence has also shown that wage increase leads to unemployment hence, job loss. For instance, Burhauser and Sabia (2010) pointed out that an increase in minimum wage will lift some families out of poverty, other low-skilled workers may lose their jobs, which reduces their income and drops their families into poverty.

2.2.3 Minimum wage and saving capacity of low income earners

The lifecycle theory of saving and consumption predicts that changes in an economy’s rate of economic growth will affect its aggregate saving rate (Deaton and Paxson, 2000).

Individuals save in different ways and accumulate different types of assets. For example, they may store tangible goods, they may invest in human capital, they may store tangible goods, they may invest is human capital, or they may loan money or in-kind resources to members of their social network (Sheraden, Schreiner and Beverly, 2001). Economic theory predicts that the absolute amount of saving will increase with income. This is because people with more income have more resources available to save. Theory also predicts that savings relative to income, the savings rate, will increase with income (Deaton, 1992). This occurs because people with more income also tend to consume more. As they consume more, the marginal benefit from additional consumption decreases. The current cost of saving, in terms of foregone benefits from consumption is lower for people who consume more, and this increases savings. Empirical evidence clearly indicates that higher-income households save a larger portion of their incomes and accumulate greater wealth, than lower-income households. In fact most low-income households have very low or negative saving rates and very limited or negative asset accumulation (Bernheim and Scholz, 1993; Bunting, 1991; Carney and Gale, 2001; Hubbard, Skinner and Zeldes, 1994; Wolff, 1998).

Like all theory, however, this ignores some important issues. For example, the level and rate of saving also depend on expected variation in income and subsistence requirements. The poor face greater risk, and this tends to increase their saving, both absolutely and relative to their income. Of course, the poor likely saved less in the past; if not, then they would not be poor. However, they may have saved at higher rates relative to resources available.

2.3 Theoretical Framework

2.3.1. Deprivation Theory of Poverty

Relative Deprivation Theory of poverty have been adopted to buttress the analysis and to make the work empirically relevant. This theory was prefunded by Peter Townsend in 1979, Townsend asserts. "Poverty can be defined objectively and applied consistently only in terms of the concept of relative deprivation. He justifies this claim on the grounds that society determines people's needs for example it determines and conditions even the need for food (Haralambos and Holbom, 2008).

Townsend also believes that poverty affect the amount of energy that deferent sections of the population habitually expend not only at work but in community and family pursuits, their individual obligations as parents, wives or husbands, friends or neighbours, as well as the work they have to do, influence how many calories they have to consume each day. He was also a leading supporter of defining poverty in terms of relative deprivation, he stress that poverty should be defined in relation to standard of a particular society at a particular time, he believes strongly that poverty extended beyond a simple lack of material resources (Haralambos and Holbom, 2008).

Furthermore, he argues that the concept of relative deprivation should be though terms of the resources available to the individuals and households and the styles of living that governs how those resources are used. He believes that concentrating exclusively on income to assess a household's material situation ignores other types of resources that may be available. It neglects capital assets (those who own their home may be better up than those who rent), and ignores occupational fringe benefits, gifts and the value of public social services such as an education and health care (Haralambos and Holbom, 2008).

Lastly, Townsend also believes it necessary to move beyond consumption (the purchase of goods) to an examination of how resources affect participation in the lifestyle of the community. He argues that poverty involves an inability to participate in approved social activities that are considered normal, such as visiting friends or relatives having birthday parties for children, and going on holiday, to Townsend individuals suffer deprivation if they cannot afford even the cheapest form of activities. On the basis of this argument Townsend defined poverty as follows;

Individuals, families and groups in the population can be said to be in poverty when they lack the resources to obtain the types of diet, participate in the activities and have the living condition and amenities which are customary, or at least widely encouraged or approved, in the societies to which they belong. Their resources are so seriously below those commanded by the average individual or family that are, in effect, excluded from ordinary living patterns, customs and activities (Haralambos and Holbom, 2008).

Same is applicable in Calabar, a situation where low income workers salaries cannot afford them basic necessities of life such as television, children fees, house rent, and money for their aged parents. Salary increase is intended to reduce the economic hardship of the people and keep them economically afloat.

2.3.2. Public Interest Theory

This theory was postulated to correct the imperfections in the market-driven economy. Peltzman (1989) in his path-breaking paper presented at Brookins Institute provided a formal proposition to the economic theory of public interest regulation. This theory holds that regulation of public activities is supplied in response to the demand of the public for the correction of inefficient or inequitable market practices. An implicit assumption of the public interest theory according to Uche (2000) is that regulation is in the main, aimed at protecting the public. To achieve its aim, regulation based on the above principle should aim at equipping the public with relevant information necessary for decision making. Regulation in the public interest should also strive to protect the public from monopolies and industries that generate substantial external costs and benefits (Uche, 2000).

Further assumption is that some forms of activities, businesses or otherwise do not always function in the interest of the public without supervision and control. This view has a historical antecedent regulation in the past (and even today) had almost always followed some form of crisis or public dissent. Example, in Nigeria the introduction of The National Minimum Wage was an attempt to redistribute income because of the failure of the market-driven economy to do so. The establishment of the interstate commerce commission in the USA was as a result of protest by populist farmer against exploitative rates levied by the railroads. The establishment of the Securities and Exchange Commission UK is another crisis-driven regulation.

3.0 Methodology

The research design adopted ex post facto inferential survey design. A random sample was conducted to select three hundred and five (305) respondents from government ministries, agencies, departments and parastatals. A structured questionnaire reflecting Likert scale was utilized in eliciting responses. Hypotheses test statistic was Pearson product moment correlation coefficient. The researchers embark on visit to the affected establishments and useful observations were made to enhance the success of the research.

3.1 Study Area

The study centered on Calabar Municipal Council Area of Cross River State, Nigeria. Cross River state is located in the South-South Geo-political Zone of Nigeria. It falls within the Niger Delta Region. Calabar Municipality is one of the Local Government Areas in Cross River State, it bounded in the North by Odukpani Local Government Area, in the South by Calabar South Local Government. It is sandwiched in between Bakassi Local Government and Itu Local Government in the East and West respectively. It has diverse population of workers ranging from artisans to professionals in both private and public sectors of the economy. The major ethnic groups include; Efik, Ejagham, Bekkwara, Ibibio and Ekoi. The official language of communication is English

4.0 Results and Discussion Of Findings

The tables below show responses relevant to the specific objectives of the study which include the impact of National Minimum Wage on poverty, employment, income stability and capacity of low paid workers to save. Data in Table 3 show mean scores of responses on the effect of minimum wage on poverty. Mean scores of items 1,2 and 3 are 2.09, 2.15 and 2.13 respectively. This means poverty is not affected by minimum wage. Minimum wage has not reduced poverty among low-paid workers.

Table 3: Responses on the impact of National Minimum Wage on poverty among low income workers in Calabar Municipality.

Item	SA	A	D	SD	$\sum fX$	X	Remark
1. There is a relationship between minimum wage and poverty reduction	200	100	200	150	54	2.09	D
2. National Minimum Wage has reduced poverty	205	290	60	100	655	2.15	D
3. Minimum wage is not a solution to poverty	250	200	100	100	650	2.13	D

Data in table 4 show mean responses on whether minimum wage influence income stability. Scores of 2.34 and 2.45 for items 1 and 2 respectively means that higher wages provide temporarily income gains, while 2.74 for item 3 shows that inflation will erode the value of such income on the long run.

Table 4: Mean responses on the impact of National Minimum Wage on income/wage stability among low income earners in Calabar Municipality.

Item	SA	A	D	SD	$\sum fX$	X	Remark
1. Higher wages provide temporary income gains	205	189	160	159	713	2.34	D
2. High wage may bigger off inflation	200	180	169	190	748	2.45	D
3. Inflation leads to income stability	200	250	195	189	834	2.74	D

In the table above, scores show that higher wages lead to higher savings. Savings is a function of income. Strong correlation exists between income level and capacity to save.

Table 5: Mean responses on relationship between Minimum Wage and saving capacity of low income workers in Calabar Municipality.

Item	SA	A	D	SD	$\sum fX$	X	Remark
1. Higher income leads to higher savings	250	240	56	89	635	2.08	D
2. Minimum wage increases savings among low income workers	60	88	200	250	598	1.96	D
3. Strong correlation exist between income and savings	150	180	300	200	830	2.72	A

Data in table 6 show responses on the impact of the minimum wage on employment among low income earners. 2.13, 2.19 and 2.12 show that minimum wage has not improved the unemployment situation. Joblessness is occasioned by reduction in public income have a reduction in public outfit.

Table 6: Mean responses on the impact of Minimum Wage employment of low income workers in Calabar Municipality.

Item	SA	A	D	SD	$\sum fX$	X	Remark
1. Minimum wage reduces the size of public income	150	250	200	150	650	2.13	D
2. Reduction in public income leads to job losses	150	160	200	160	670	2.19	D
3.Job losses increases unemployment	200	220	156	89	645	2.12	D

4.1 Test of hypotheses

Four hypotheses were formulated to guide the study. Their results are presented in the tables below.

4.1.1 Hypothesis one

The National Minimum Wage does not significantly affect the level of poverty among low income earners in Calabar municipality.

Table 4: Pearson product moment correlation coefficient on the relationship between level of poverty among income earners and national minimum wage

variables	$\sum X$ / $\sum Y$	$\sum X^2$ / $\sum Y^2$	$\sum XY$	N	r-cal
Level of poverty among income earners (x)	942	3441	1846	305	*0.015
National minimum wage (y)	597	1138			

*p, 0.05, df = 303, r-critical=0.082

Table 4 shows that the calculated r-value of 0.015 is less than the critical r-value of 0.082 at 0.05 level of significance. With this the value the null hypothesis is retained.

Therefore, The National Minimum Wage does not significantly affect the level of poverty among low income earners in Calabar Municipality. This implies that as the income of the low-income workers increases the number of hours worked will reduce thereby placing a ban on job openings leading to poverty.

4.1.2 Hypothesis two

The national minimum wage does not have a significant relationship with employment among low income earners in Calabar Municipality.

Table 5 Pearson product moment correlation coefficient on the relationship between employment among low income earners and national minimum wage

variables	$\sum X$ / $\sum Y$	$\sum X^2$ / $\sum Y^2$	$\sum XY$	N	r-cal
Employment among low income earners(x)	938	2910	1849	305	*0.029
National minimum wage (y)	601	1206			

*p,0.05, df=303, r-critical = 0.082

Table five indicates that the calculated r-value of the 0.029 is less than the critical r-value of 0.082. with this result, the null hypothesis is acceptable. Hence, The National Minimum Wage has no significant relationship with employment among low income earners in Calabar Municipality. Increased wage brings about wage competition among skilled workers and as a result, low income earners who are skilled become jobless.

4.1.3 Hypothesis three

The National Minimum Wage does not have a significant effect on wage stability among low income earners in

Calabar municipality

Table 6: Pearson product moment correlation coefficient on the relationship between wage stability and national minimum wage

variables	$\sum X$ / $\sum Y$	$\sum X^2$ / $\sum Y^2$	$\sum XY$	N	r-cal
Wage stability among low income earners(x)	940	3176	1847	305	*0.070
National minimum wage (y)	599	1177			

*p,0.05, df=303, r-critical = 0.082

The results in table 6 shows that the calculated r-value of 0.070 is less than the critical r-value of 0.082. therefore, the null hypothesis is retained. This means that The National Minimum Wage does not have a significant effect on wage stability among low income earners in Calabar municipality. This implies that higher income may trigger off inflation and inflation leads to income instability.

4.1.4 Hypothesis four

There is no significant relationship between national minimum wage and savings capacity of low income earners in Calabar Municipality.

Table 7: Pearson product moment correlation coefficient on the relationship between savings capacity among low income earners in Calabar municipality.

variables	$\sum X$ / $\sum Y$	$\sum X^2$ / $\sum Y^2$	$\sum XY$	N	r-cal
Savings capacity among low income earners(x)	914	3342	1788	305	*0.068
National minimum wage (y)	596	1166			

*p<0.05, df=303, r-critical = 0.082

Table 7 above shows that the calculated r-value of 0.068 is less than the critical r-vale of 0.082. with this result, the null hypothesis is therefore retained. Hence, there is no significant relationship between national minimum wage and savings capacity of low income earners in Calabar Municipality. This means that savings depend on the level of income and low income earners lack the capacity to save as a little increment in wages will lead to an increase in the prices of goods and services.

4.2 Summary of findings

i. The National Minimum Wage has not significantly affected the level of poverty among low income earners in Calabar Municipality. Therefore, low paid workers need more than minimum wage increases to alleviate their poverty. This finding is in agreement with the works of Burkhause and Sabia (2010), Wilson (2012) who found that national minimum wage does not have any significant effect on level of poverty of low income earners. With The National Minimum Wage, low income earners will either lose their jobs or have their work hours substantially reduced, which causes income loses and increases poverty.

ii. The National Minimum Wage does not have a significant relationship with employment among low income earners in Calabar Municipality. Wilson (2012) agreed with this finding and found that the higher the minimum wage relative to competitive market wage levels, the greater the employment loss that can occur. See also for example Centeno *et al*(2012), they found that minimum wage increase is detrimental to employment stability. However, they argued that wage increases provide minor gains in the short run.

iii. The National Minimum Wage does not have a significant impact on wage stability among low income earners in Calabar Municipality. Again, this is in line with Centeno *et al*(2012), they found a positive correlation between income stability and minimum wage increases. See also for example Wilson (2012) and Burkhauser and Sabia (2010). According to Burkhauser and Sabia (2010), an increase in minimum wage will lift some families out of poverty, other low-skilled workers may lose their jobs, which reduces their income and drops their families into poverty.

iv. There is no significant relationship between national minimum wage and saving capacity of low income earners in Calabar Municipality. Low paid workers lack the capacity to save. Low paid workers lack the capacity to save. This result collaborates most empirical evidence. Empirical evidence clearly indicates that higher income households save a larger portion of their incomes and accumulate greater wealth than lower-income households. In fact, most low-income households have very low or negative saving rates and very limited or negative asset accumulation (Bernheim and Scholz, 1993; Bunting, 1991;

Carney and Gale, 2001; Hubbard, Skinner and Zeldes, 1994; Wolff, 1998).

5.1 Conclusion and Recommendations

Policy makers and researchers have not found a common ground on the impact of higher national wages on socio-economic characteristics of employees in the private and public sectors. Policy makers advocate for income redistribution to low-paid workers which is the main goal of the National Minimum Wage. The trickle down hypothesis which allows income to flow from the top to the bottom on income ladder is a pointer to this argument. There are risks inherent in this school of thought. Income is taken from some citizens and paid to others. This may reduce national output. After all, income may not get to the ultimate low paid workers because of frictions in the economy such as taxes, inflation, and other counter government policies low income workers in the Nigerian economy are suffering from disguised unemployment, hence their inability to meet their basic needs of life.

Evidence from empirical literature suggests that minimum wage increases do not reduce poverty, unemployment and income inequality. Stipulation of minimum wage may provide temporal income gains, but on the long run, inflation and other macro economic variables may flush out such gains. Arguments on minimum wage have always revolved around poverty, employment, income stability and ability to save for the future. An increase in minimum wage will lift some families out of poverty; other low-skilled workers may lose their jobs, which reduces their income and drops their families into poverty. Therefore, minimum wage increase attempts to solve socio-economic problems in one hand and create multiple problems on the other hand. This is true of the economic adage, "the solution to one economic problem is the beginning of another economic problem".

The research work has policy implications. The following recommendations were put up:

i. Government should partner with the private sector to create employment for the citizenry, since minimum wage increases do not solve the problem of unemployment.
ii. Employment creation will alleviate the burden of poverty and enhance the living conditions of members of the society irrespective of the sector.
iii. Wage increases lead to competition in the labour market and only skilled workers have the edge. Therefore, the government and the private sector should put in place policies and programmes that will upgrade the capacity of low skilled employees.
iv. The government should continue to pursue macroeconomic objectives of price stability, employment and growth in domestic product. This will enhance income stability of workers.
v. Employers of labour are responsible for workers minimum wage determination. Therefore, they have to create the enabling atmosphere for negotiation on wages and other conditions of employment.
vi. In the same vein, amidst string argument that wage increases accompany inflation and that wages paid to workers at any given time in Nigeria and when compared to other countries are not well above inflationary trend, government and employers of labour in both private and public enterprises should through collective bargaining process fix wages whose values would not be easily eaten up by inflationary conditions.

References

- Bernheim, B.D., and Scholz, J.K. (1993). Private Saving and Public Policy *Tax Policy and the Economy*, 7, 73 – 110.
- Bunting, D. (1991). Savings and the Distribution of Income. *Journal of Post Reynesian Economics,* 14, (1), 3-22.
- Card, D. And Krueger, A. (1995). "Myth and Measurement: The New Economics of the Minimum Wage", Princeton university Press.
- Carney, S. And Gale, W. (2001). Asset Accumulation among Low-Income Households. In T. Shapiro and F. Wolff (ed), *Asset for the poor: The benefits of spreading asset ownership* (pp. 165 -205). New York: Russel Sage Foundation.
- Centeno, M. Duarte, C. And Novo, A.A. (2012). The Impact of the Minimum Wage on Low-wage Earners Banco de Portuga, Economics and Research Department. Staff Working Paper Series.
- Deaton, A. And Paxson, C. (2000). Growth and saving among Individuals and Households. The Review of Economics and Statics, 82(2): 212 -225.
- Freeman, R. (1996), "The Minimum Wage as a Resdistributive Tool", Economic Journal, 106:639-649.
- Haralambos, M. (1980). Sociology: Themes and Perspective, Slough: University Tutorial Press Limited.
- Hubbard, R.G., Skinner, J. And Zeldes, S.P. (1994). The importance of precautionary motives in explaining individual and aggregate saving. *Carnegie-Rochester Conference Series on Public Policy,* 40, 59 – 125.
- International Labour Organization (1982). Wages: A Worker's Educational Manual, Geneva: 70
- International Labour Organization's (ILO) Report VII (1) (1968) on Minimum Wage Fixing Machinery and

Related Problems with Special Reference to developing Countries, Geneva:8.

- Lawal, B. (1998). The Nigerian and New Minimum Wage, A Paper presented on Labour Day, May 1, 1998.
- Mark, W. (2012). The Negative Effects of Minimum Wage Laws. Cato Institute, Policy Analysis, no.701 (1-13).
- Miller, D,C. (1968). Handbook of Research Design and Social Measurement, New York: David Mckay Co. Inc.
- Neumart, D. And Wascher, W. (2008). "Minimum Wages", MIT Press, Cambridge.
- NLC, NLC Position on Labour Compensation and Collective Bargaining: Minimum Wage, Deregulation of Wages and Collective Bargaining – Aspect of the 1991 Budget Speech, Lagos.
- Ogunlana, A. (1978). Wages: A Handbook of Industrial Relations Practioners, Lagos: Longman Nigeria Limited.
- Peltzman, S. (1989). "The Economic Theory of Regulation after a Decade of Deregulation in Bailey, M.N. and Wanston (eds), "The Brookins papers of Economic Activity" Brookklin Institute, Washigton p.4 (1994) op.cit p.15.
- Ratnam, C.S.V. (2006). Industrial Relations. New York: Oxford University Press.
- Richard, V. Burkhauser and Joseph, J. Sabia, "Minimum Wages and Poverty:Will a $9.50 Federal Minimum Wage Really help the Working Poor?" *Southern Economic Journal 77,* no.3 (January 2010).
- Richard, V. Burkhauser and Joseph, J. Sabia, "The Effectiveness of Minimum Wage Increases in Reducing Poverty: Past, Present and Future" Contemporary Economic Policy 25, no.2 (April 2007).
- Steers, R.M. (1982). Employee-Organization Linkages: The Psychology of Commitment, Absenteeism and Turnover, New York: Academic Press.
- Stigler, G(1964), "Public regulation of the Securities markets". *The Journal of business, 37 (1) 117 – 142.*
- Stigler, G. (1946), "The Economic of Minimum Wage Legislation", American Economic Review, 36, 358-365.
- Uche, C.U. (2000). "The Theory of regulation a Review Article" *Journal of Financial Regulation and Compliance 10(1) (1-15).*
- Usman, G.A. (1988). The Worker and Productivity, Proceedings of a National Conference, Ibadan: 4th – 6th Dec., 1988 (NPC).
- Weihrich, H., Cannice, M. And Koontz, H. (2008). Management: A Global and Entrepreneurial Perspective. New Delhi: McGraw-Hill Publishing Company Limited.
- Wolff, E.N. (2001). Recent trends in Wealth ownership, from 1983 to 1998. In T.M. Shapiro and E.N. Wolff (eds), *Assets for the poor: Benefits and Mechanism of spreading asset ownership.* (pp. 34 – 73). New York: Russell Sage Foundation.
- Yesufu, T.M. (1962). An Introduction to Industrial Relations in Nigeria, OUP/NISER, London.
- Yesufu, T.M. (1984). The Dynamics of Industrial Relations: The Nigerian Experience, Ibadan: University Press Limited.
- The Punch, Thursday November 11, 2010, Vol. 20, P.4.
- The Nation, Monday July 18, 2011, Vol. 05, P.3.
- The Nation, Saturday Oct. 8, 2011, Vol. 05, P.4.
- London Times, October 5, 1997.
- Fapohunda, T. M., Atika. S.O. and Lawal, I.O. (2013). Minimum Wage Implementation and management in a post-recession Economy; *The Nigerian Experience. European Scientific Journal,* 8(7): 18 -35.
- ILO (2008), Global Wage Report 2008/2009. Geneva, 2008), P.35.
- ILO (2009), Update on Minimum Wage Development. ILO Committee on Employment and Social Policy ILO Geneva.