

## Globalization and Collective Bargaining in Nigeria

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### Abstract

Globalization has become a worldwide phenomenon affecting all aspects of human endeavour. It has also affected workers' rights worldwide but the Nigerian situation is among the worst cases. To what extent has globalization aided or hindered collective bargaining in Nigeria and in what ways has Labor managed the situation? These questions serve as motivation for this paper and are addressed through content analysis of relevant documents. In Nigerian, collective bargaining institutions have been constructed and reconstructed in different contexts driven by globalization. Government at all levels in Nigerian subscribed to various provisions of the International Labor Organization but failed to implement them as prescribed. The state and its allies including multinational and transnational companies have manipulated statutory mechanisms that could have guaranteed effective collective bargaining. Inherent in this situation are various detriments on Labor and aggravated incidence of industrial actions in Nigeria. Therefore this paper argued that though globalization is not completely harmful, however, its operations in Nigeria are such that the setbacks it creates far outweigh its positive influence. In this light, movement for the entrenchment of effective collective bargaining should be intensified and pursued till lasting industrial peace is achieved in the Nigerian industrial relations climate.

**Keywords:** Labor, Globalization, Collective Bargaining, Industrial Actions, Nigeria

### 1. Introduction

Globalization dates from antiquity but this fact is grossly missing in extant literature. It is a powerful ideology with diverse manifestations. Studies largely traced it to the spread of European influence since the 15th century followed by processes including colonialism, modernisation, decolonization, and global governance whose central feature was captured in the doctrines of political and market forces (Acemoglu et al 2002; Diamond 1999). Following renewed interests that developed after world wars, globalization acquired new characters and the United Nations was repositioned to spearhead its control whose phases cut across economic, socio-cultural, political and technological layers in human society.

Bretton Woods' institutions such as International Monetary Fund, World Bank, and World Trade Organization serve as pillars of its economic layer (Slaughter 2004; Hall and Jones 1998; Landes 1998). These institutions being the principal architects of aids and structural adjustment programmes have affected industrial relations environment in different countries. Generally, other aspects of globalization including western modernisation and technological advances have been shaping all corners of the world since the era of industrial revolution. The emergence of new information and communication technologies (ICT) has extended this trend and reinforced the global order. Against the above background, globalization and collective bargaining in Nigeria is examined.

The extent to which globalization has aided or hindered collective bargaining in Nigeria and ways by which organised Labor managed the situation are questions considered paramount here. The relevance of collective bargaining can easily be ascertained at the workplace and the society at large. However, the study of any bargaining process is extremely hard as it involves a multiplicity of questions and complex issues. Scholars have shown that asymmetries and uncertainty crucially affect bargaining processes especially through the questions of sharing formula and strategic behaviour of bargaining parties (Carraro and Sgobbi 2008; Peddle 2008).

This revelation provides testimonies to the conflicts and challenges associated with state and Labor negotiation processes in Nigeria where a revival of interest in Labor struggle for recognition in political and economic restructuring re-emerged with the new democratic dispensations. Following the last successful transition from military juntas to civilian regimes, Nigerians witnessed a resurgence of conflicts of interests between Labor and state agencies. However, studies on uneven development of employment relations remain inadequate (MacKinnon et al 2008). This study is an attempt to partly fill the gap by examining globalization and collective bargaining nexus across different but interrelated issues. Knowledge of negotiation theories and bargaining processes such as distributive, integrative, and intra-organizational bargaining is

essential for understating the issues hereby discussed.

## 2. Globalization and Collective Bargaining Nexus

The question of relationships between globalization and collective bargaining has been largely addressed but partly unanswered. Diverse explanations have been provided in this direction. One school of thought holds that economies that are more open to trade and foreign direct investment (FDI) face greater competitive pressure than closed ones. Globalization critics are concerned that this pressure induces countries to lower labor standards in order to remain competitive and retain or attract foreign investment. Defenders of globalization counter that countries that are more closely integrated into global markets are likely to have higher rather than lower standards. Though this debate has not been settled each school of thought has gained popularity among scholars. As their contributions to the debate, Neumayer and Soysa (2006) examined the effects of globalization on the fundamentals of labor standards.

Employing a new measure of free association and collective bargaining rights, they found that countries that are more open to trade have fewer rights violations than more closed ones. This effect holds in a global sample as well as in a developing country sub-sample and holds also when potential feedback effects are controlled via instrumental variable regression. Their submission that the extent of an economy's penetration by FDI has no statistically significant impact was complemented with the assumption that globalization might not be beneficial for outcome-related labor standards, but it is likely to promote the process-related standard of a right to free association and collective bargaining. In contrast, Piazza (2002)'s earlier studies opposed the above. He argued that as globalization progressed, membership bases of labor unions have been steadily undermined in many countries to the point that they no longer provide sufficient institutional support for the type of strike activity that characterized the 1950s through the 1970s. After testing his hypothesis with a pooled time-series regression analysis of strike rates and the progression of globalization in 14 advanced industrialized countries in North America, Western Europe and Oceania, Piazza (2002) concluded that globalization is a contributing factor to the decrease in strike activity after the mid-1970s in countries where it has had an adverse impact on union membership.

Building on past scholarship indicating the importance of trade on Labor bargaining position, Abouharb and Fordham (2006) submitted that globalization may influence strike activity in several different ways. They noted that in a Labor scarce country like the United States, import competition should weaken the position of labor and thus reduce strike activity. On the other hand, research emphasizing the bargaining process suggests that globalization's effects on uncertainty in the negotiations between labor and capital may matter more. Rapid globalization might thus increase strike activity. Similarly, the literature on relative deprivation and protest implies that the disruptive effects of globalization should increase strike activity, at least in the short run. After examining data on strike activity across the 50 states between 1964 and 1980, Abouharb and Fordham (2006) concluded that although changes in import sensitivity tend to increase strike activity, a high level of import sensitivity reduces strikes by eroding the bargaining position of labor and reducing union density. The pattern they found is one in which the early stages of globalization are marked by greater strike activity, but that strike activity declines once exposure to the international competition becomes relatively great.

The foregoing submissions, however, cannot fully capture the collective bargaining situations in countries where privatization and logics of market forces produced different results for collective bargaining. Under privatization in the UK, the scale at which industrial relations are organised has shifted away from national collective bargaining to a system of localised company (MacKinnon et al 2008). This shift has affected employment relations and it has resulted into escalation of industrial disputes reflecting the logics of industrial and company-level collective bargaining. Considerable disparities in pay and conditions of employment were found among different groups of workers, companies, and regions. The British experience has been replicated in Nigeria with sharp disparities in the collective bargaining machineries employed in private and public sectors.

In Nigeria, the private sector seems to have overtaken the public sector with a competitive spiral for wage superiority and low level workers participation in trade union movement. Multinational and trans-national corporations, the giant conductors of globalization, dominate the private sector in Nigeria and they are reputed for anti-union practices. These corporations did not tolerate trade unionism and collective bargaining since the early stage of trade union movement in Nigeria as they have deployed state security apparatus to tackle industrial discontents (Okafor & Bode-Okunade, 2005; Onyeonoru, 2005)

However, since the early stage of post colonial era in Nigeria they were forced to embrace and respect workers rights. Little

improvements recorded can be described as a radical shift from the traditional history of anti-Labor practices. It should be recalled that following the forceful recruitment of Labor by British colonial administrators with the connivance of traditional rulers, workers' protests increased and compelled the colonial administration to introduce wage payment (Otobo 1987).

The state's control of collective bargaining is another context in which globalization affects collective bargaining. The industrial relation environment in Australia is characterised by the state's intervention in wage fixation and dispute settlement with an almost untroubled acceptance by Labor (Price 2008). Conversely, there has been frequent pronouncement of the independence and prerogative of the British trade unions in collective bargaining on behalf of their members. The Scottish Trade Union Congress has been vocal in the articulation of workers rights since 1930. A popular belief in the UK industrial relations parlance is that the state is not a safe or suitable substitute for safeguarding the economic or social standards of trade unions (Price 2008). Similarly, the Nigerian Labor Congress has articulated its desire to safeguard workers rights as well as protect the civil society against draconian legislations which tampered with best practices as stipulated in the ratified ILO documents.

Unfortunately, the Nigerian government at all levels remain undaunted in ensuring that the organised Labor is tamed and as such various aspects of the Nigerian Labor Law has been amended to suit the state's interest. The amendments, largely occasioned by governments' implementation of their adopted neoliberal policies such as deregulation, commercialization and privatization, have affected the collective bargaining environments in Nigeria. Any country that has similar experience with the situation in Nigeria will find it difficult to develop. A review of several Latin American cases with a closer examination of Brazil and El Salvador showed how globalization has affected collective bargaining (Anner 2008).

Despite a strengthening of collective labor rights in Latin America since the 1990s, most labor movements in the region have lost power because neither the content nor the enforcement mechanisms associated with the labor reforms fully took into consideration the challenges presented by economic restructuring. Reforms facilitating union formation did not strengthen unions but instead increased union fragmentation. Collective bargaining structures did not respond to the exigencies of international outsourcing, and the initial round of reforms in the 1990s did not contemplate the need to strengthen labor law enforcement mechanisms at a time when heightened international competition created a need for greater state vigilance of labor standards.

### **3. Opportunities and Challenges in the Nigerian Collective Bargaining Environment**

The right to organize and bargain collectively is a well-established international human right. A manifestation of this right has not tricked down to all workers in Nigeria. Those in essential services are yet to enjoy it as desired. Workers' rights of unionism and bargaining are withheld in several jurisdictions based on the theory that unhindered unionism may threaten the internal security of the state. The available evidence indicates, however, that the fear and the restrictions flowing from restriction of workers rights are of little merit and thus are undeserving of support (Adams 2008).

Current thinking in comparative political economy emphasizes the importance of deriving the way different capitalisms have maintained divergent equilibrium institutions in the face of the economic pressures of globalization. On this issue, Zicha (2006) examined the plausibility of the assumption that governments in economies characterized by extensive union coverage and employer federation coverage will have parties that are more amendable to the issues of concern to those participating in collective bargaining. Thomas Pogge (2004)'s Institutional Thesis stating the quality of domestic institutions with primary explanation of a country poverty or affluence is relevant in this direction. The canons of the Institutional Thesis shows that growth and prosperity depend on the quality of institutions such as stable property rights, rule of law, bureaucratic capacity, appropriate regulatory structures to curtail at least the worst forms of fraud, independence of courts, and cohesiveness of society.

This thesis is distinguishable from two other views such as Geography and Integration Theses. Geography thesis holds that growth and prosperity are primarily determined by environmental factors such as location, climate, resources endowment, and quality of human resources (Diamond 1999; North 1990) while Integration Thesis contends that growth and prosperity are primarily determined by world market integration (Frankel & Roemer 1999). Institutional Thesis is consistent with the claim that geographical factors and market integration matter for growth, but their causality is channeled through their impact on institutions. Scholars have acknowledged the relevance of institutional thesis in their discourse of globalization and development (Rodrik et al 2004; Mallaby 2004). They noted that once institutional effects are determined, geographical

factors and market integration have little or nothing left to explain.

This submission is inadequate considering the biting influence of globalization and implications of neoliberalism on policies formulation in Nigeria where governments danced to the tune of foreign investors by lowering Labor standards as a precondition for investment (Adewumi 2008). This violates Labor standards as stipulated in the ILO's conventions 87 and 98 of 1948 and 1949 respectively. Convention 87 provides for freedom of association and protection of the rights of workers to organize while Convention 98 protects workers rights to organize and collective bargaining. Article 1 of Convention 98 provides that workers shall enjoy adequate protection against act of entire union discrimination in respect of their employment while Article 4 stipulates as follows:

Measures appropriate to national conditions shall be taken where necessary to encourage and promote the full development and utilisation of machinery for voluntary negotiation between employers or employers' organizations and employees with a view to the regulation of terms and conditions of employment by means of collective agreements.

Nigerian governments subscribed to above provision as indicated in various aspects of the Nigerian Labor Law including Factory Act and Trade Union Act with several amendments the latest being the 2005 Trade Union Act which provides for restructuring of the Labor centre and decentralization of collective bargaining machineries among other contentious issues. However, in spite of various provisions aimed at promoting collective bargaining, realities in Nigeria show that the workers have been maltreated in the contexts of emerging global economic order coupled with ascending interests of domestic and foreign hegemonies. Employers in Nigeria deny their workers the right to unionise. For instance, employers in over 40 percent of banks in Nigeria prevent their workers from unionism (Adewumi 2008).

A major challenge that keys into the question of globalization and collective bargaining is known as uncompensated exclusion, which connotes that the privileged few enjoy ample advantages in the use of natural resources while the majority is largely excluded. Nigerian workers constitute a large proportion of the excluded majority. The Nigeria Labour Congress is sensitive towards challenging the entrenchment of uncompensated social exclusion but has not achieved much due to inadequate supporting institutional frameworks. This introduces an anti-collective bargaining dilemma that has been recognized and confronted in advanced countries. Labor's struggle for recognition has not ended even in the United States where the space for collective bargaining is shrinking.

For instance, the Police and Fire Monopoly-Bargaining Act considered by the U.S. Senate which would require local governments to recognize unions in collective bargaining on labor disputes was opposed on the ground that the bill would force more workers into unions and threaten states' rights to decide whether collective bargaining is best for them. Similarly, National League of Cities (NLC) strongly opposed the Public Safety Employer-Employee Cooperation Act of 2007 aimed at encouraging states, counties and cities to enter collective bargaining with public safety officers. The debates on the collective bargaining bills presented to the US Congress to establish legal framework for negotiating over wages and conditions of employment in essential services such as the police, fire and emergency medical technicians have not been settled (Bomberg 2008).

#### 4. Conclusion

As shown in the discourse of globalization and collective bargaining in Nigeria, the era of globalization is characterised by regular and periodically intense cycles of industrial conflicts. However, unlike in some advanced industrialized countries where Labor successfully used strikes to meet bargaining the Nigerian Labour Congress has recorded more failures than successes in the movement towards entrenchment of industrial justice in Nigeria. Obviously, the adverse effect of globalization on collective bargaining can easily be discerned in Nigeria. Its impact on labor has been felt through increased levels of state hostility against unionists. However, decentralization of collective bargaining has presented the Nigerian Labour Congress with opportunities and challenges against the backdrop of globalization. Therefore, achieving truly union-friendly labor relations regimes will require urgent collective bargaining reforms.

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