

## Globalization and Trade Unions Challenges: Nigerian Manufacturing Sector Experience.

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### Abstract

Today, the globalization of the world market has brought about several competitions on local companies which invariably have an adverse effect on trade union density due to unfavourable macro-economic policies used for the promulgation of globalization. The movement from Social regulation to Labour Market Control, created this competition all in the name of productivity enhancement and efficiency creation. The study examines the challenges brought by globalization and all what accompany the concept while the role of Trade Unions was also measured to overcome the flexibility brought by globalization. The study uses secondary information with discourse analysis of existing literatures on the subject matter to have a position. It was revealed that globalization created more vacuums than integration among Workers of the North and South due to competition postulated by globalization. Study of this nature becomes significant to the Nigeria government to rethink and have a second thought on globalization before its continual adoption while trade union leaders have to revitalize their strategies in order to swim alone with globalization thus membership density will keep declining.

**Keywords:** globalization, Trade Unions, Manufacturing Sector, Flexibility and Competitions

### Introduction

According to Aluko, Akinola and Fatokun (2004) the concept of globalization, its meaning, actors, processes and implications for developing world has received considerable attention of scholars and bodies in contemporary time. This is so, because globalization has a negative effect on developing countries than the advanced capitalist nations of Western Europe and North America with particular regards to their socioeconomic progress.

Nigerian corporations operate in a rapidly changing environment characterised by global and national influences (Sagagi, 2007). Today, the globalization of world markets has brought about several competitions on local companies whereas the business atmosphere in the countries (developing) are increasingly becoming unfavourable due poor macro-economic management brought by globalization and all what accompanies it.

This assertion was corroborated by Standing (1997) when he said the societies has been moving from social regulation control to Labour market control with an objective of enhancing productivity efficiency and creating competition among nations. Furthermore, it leads to wage flexibility and affect the employment security as well as reduction in union membership density. Therefore, the aim of the paper is to measure the role of globalization in the Nigeria context in term of socioeconomic growth and development in relations to what obtains in other advanced countries of the North and suggest what trade unions can do to avert membership density declination with respect to globalization and its accomplices.

Globalization drivers are Information and Communication technologies as well as socioeconomic policies designed by Breton wood institutions to established labour market competition through internalisations of the world economy. However, external environment like the IMF and World Bank are seen by Nigerian corporate leaders and Trade Unions as the major constraint to the development of manufacturing sectors.

The tendency to associate corporate problems with global and local factors lead to serious discontent among the management and trade unions with the manner in which government restructured the economy in line with free market ideologies (Sagagi, 2007). Globalization has been tagged as an unequal process of distribution while the imbalances has led to polarisation between the developed economy that benefited from its gain and the developing nations that are losing out (Obadan, 2001; Onwuka and Eguavoen, 2007). In the case of Nigeria, globalization has contributed significantly to weaken more the inadequate domestic economic capacity needed

for enhancing productivity of the country as well as affected the social infrastructures needed to boost the growth and competitiveness.

The resultant effect of this activity is thousands of workers are being thrown out of their jobs which invariably lead to decline in trade union membership. Moreso, the business atmosphere becomes unfavourable and lead to poor macroeconomic management with increasing in dilapidated infrastructures and this pose a serious challenge for the development of medium size companies that suppose to create more employment opportunities. This explains why Nigeria Labour Congress and Manufacturer Association of Nigerian have increasingly voiced their dissatisfaction with the effort of government to liberalise the economy without providing the necessary impetus for local industries to flourish before thinking of going global.

No wonder Standing (1997) mentioned that creating full employment through labour market policies by expanding demand for workers through the attraction and retention of capital will make globalization work. This is so, because one of the major purposes of labour market regulation is to protect various groups against insecurity, oppression and exploitation but in Nigeria reverse is the case. Due to this concomitant of economic reforms under globalization are pain-inflicting, whereby workers and civil society organizations were impelled to respond to them with strike and protest in the country.

It's on this basis that this study is geared towards probing the challenges brought by globalization to labour movements across world with special focus to developing countries like Nigeria where the concept (globalization) has been misused in the name of the global village for countries survival. The study examines the concept of globalization as was defined by different scholars, measured its relevance to the manufacturing sector of the Nigeria economy vis-a-viz with other macroeconomic policies that was used for its promulgation as well as identified the major roles played by Nigeria Trade Unions to avert the spreading of the globalization gospel while the substantive conclusion and recommendations was postulated in the study.

#### **Globalization: The Contending Viewpoints.**

The concept of globalization has been variously defined by different authors with different perspective depending on the benefits or otherwise of the concept. Some see globalization to have come to stay, therefore nations must strive to swim along with the trend while some were of the opinion that globalization is all about the exploitation that need to be discarded. Scholars like Frege and Kelly (2003) belong to the first school of thought, that what trade union need now is to revitalise in order to remain relevant in the new trend of internationalisation.

Baylis and Smith (1997) defined globalization as "the process of increasing interconnection between societies such that events in one part of the world have more effects on peoples and societies far away". They added that globalized world is one in which political, economic, cultural and social events become more and more interconnected with more impact. This definition was in line with the reason adduced by standing (1997) when he said globalization is beyond geographical location whereby competition will emerge as a result of many nations participation. Therefore, there will be flexibility in the mode of operation of every country that adopts globalization and this will lead to the erosion of rights and security in employment.

He emphasized that the changes from social regulation to market regulation will affect likely all part of labour market structure from employment security to representation security and dismantling labour regulatory system. And this will change international division of labour and increase unemployment or push for a flexible labour market arrangement whereby trade union power will be weakened.

Sagagi (2007) said globalization has helped some countries grow faster than they would, if they had otherwise localised their strategies. At the same time, it blamed for widening the gap between poor countries which are mostly located in Africa, and those of the industrialised nations. Thus, it is paramount for corporate leader, policy maker and trade unions to pay greater attention to the involvement of the Nigeria nation in the global economy participation when the country lacks the resources to compete at this level.

Nigeria has adopted a trade liberalisation policy since 1986 in order to benefit from the fast integrating world economy (Sagagi, 2007). Unfortunately, its manufacturing industries continue to face rather difficult competitive challenges from foreign rivals because the citizens were dumping the locally made product for imported ones and these threatening their very survival. Abdullahi (2004) argues that Investment opportunities exist in the Nigerian manufacturing sectors considering the vast array of agricultural and mineral resources available in the country.

But the Central Bank of Nigeria (2004) reveals that Nigerian manufacturing operates under the environment characterized by aggregate demand, high cost of production, deficit infrastructure facilities, low investments, poor electricity supply and decreasing bank lending. This resulted in the low capacity utilization of the manufacturing sector, which lead to a reduction in employment or layoff of personnel sometimes.

In the annual report of the Ministry of Economic Planning (2000), it was stressed that Nigeria economy is generally marked by a series of problems and had virtually collapsed the manufacturing sector. The Ministry

pointed out in their economic direction between 1999-2003 that above 30% low capacity utilisation has been observed in the last decade, this was attributable to inherent fundamental structural defects that are persisted in the economic arrangement of globalization. Also, the economy was burdened by mismanagement which brought additional problems (Aluko, et al, 2004).

This corroborates Webster, Lambert and Bezuidenhout (2008) assertion that for globalization to work there must be a stable political structure cum effective infrastructure development rather employers we embark on despotic ruling instead of hegemonic rule setting with the consequence of threatening workers with the relocation of the plant. Also, it will lead to top-down management style where the target are set without consultation and increases irregular workers (causalisation) while work intensification will be the order of the day.

Webster et al (2008) maintained that globalization lead to manufacturing of insecurity whereby creating flexible worlds of work due to the openness of the economy up to competition and deepen their integration into the world economy. Therefore, the issue is how best can a nation like Nigeria take the advantage of the opportunities presented by the growth and growing openness of the world economy and how best countries can live with the unavoidable difficult that globalization may bring by modifying the system to make it operate better.

However, in order to reap the benefits of globalization policy makers especially in Africa have to embark on a sound and stable macroeconomic policies, better governance, legal and financial reforms and infrastructural investment. Also, effective social spending is important in the globalizing world economy. This is so, because globalization delivers its economic benefits in part by promoting changes in the rise and fall of different industries and economic activities.

#### **Globalization and Manufacturing Sector challenges.**

One of the greatest problems facing the Nigerian economy is the problem of capacity utilization in the manufacturing sector which was caused by globalization. The low and declining contribution to national output was adduced for this shortcoming. The Ministry of Economic Planning (2000) in its annual report for “1999-2003 Obasanjo’s Economic Direction” mentioned that an average of 6% decline was observed and this further lead to the deplorable condition of the manufacturing sector. The problem became more pronounced and aggravated by the Structural Adjustment Programme (SAP) and more recently by globalization and all that accompanied it like privatization, commercialization, Trade liberalization, Deregulation of the downstream economy sector to mention a few.

All these are agenda of globalization been championed by its agent like IMF/World Bank in the name of creating borderless nations or internalisation of the World economy. These make must sector of the Nigerian economy to be unattractive. The manufacturing sector is on the verge of collapse with thousands of workers being thrown out of jobs while those that remaining in the working environment are not adequately taken care.

This corroborates standing (1997) position on the organisational impact of globalization that it resulted to decline in membership and lead to trade union density reduction. This is so, because globalization brought about cost of production reduction on the part of capitalist whereby workers are rightsizing and downsizing all in the name of competition while this lead to layoffs or retrenchment and affect union membership.

Again, Aluko et al (2004) mentioned that Nigeria had become a dumping ground for all kinds of foreign products. They attributed this to globalization and all that accompanies it because Nigeria local industries cannot compete favourably with their foreign counterpart therefore lead to production of substandard product while the customers dump this for foreign products and makes importation to be at an alarming rate at the expense of local production.

Therefore, there is need to turn the searchlight on globalization and examine its impact on the Nigeria economy particularly the manufacturing sector where there is a quantum number of employees. This is with a view to examine whether it is beneficial or not and suggest how Nigeria interest can be protected under the global agenda or arrangement if Nigeria must continue to participate in globalization race.

Aina (1996) concluded that globalization is still about exploitation, accumulation, inequity and polarization in world politics. He maintained that globalization consolidate the existing international division of labor which confines Africa to a role of supplier of raw materials and commodities and consumer of manufactured goods from developed countries. This is in line with Webster et al (2008) findings, when they mentioned that globalization created division between North and South which eventually diminished resources in southern region especially union resources because of the gap between the regions.

Globalization also involves widening and intensification of links between the economies of industrial and developing countries through trade, finance, investment, technology and migration. The recent advances in globalization are therefore predicated on the notion of interdependence between the internal and external sectors of an economy (Sagagi, 2007).

The Nigerian manufacturing sector was characterised by low capacity utilisation; low and declining contribution to national output; declining and negative real growth rate; dominance of light assembly plant for consumer

goods manufacture to mention a few. All these are the resultant effect of globalization on developing country like Nigeria. Therefore, a formidable parameter must be put in place if there is going to be a continuity in globalization participation by Nigeria nation, else it should be discarded to avert its negative effects on Nigeria industrial setting particularly the manufacturing sector.

Furthermore, the deplorable condition of the manufacturing sector was due to large factors, principal amongst are: lack of an enabling environment; poor and inadequate infrastructure; poor implementation of incentive to manufacturers; policy errors of the past; low access to investible funds; prevalence of obsolete technology; inadequate domestic demand and inefficient institutional framework (Aluko et al, 2004).

### **Nigerian Trade Unions and Globalization.**

According to Girigiri (2009) he said Nigeria's involvement in the globalization process is dated back to the period between 1986 and 2006 under the military regime of General Ibrahim Babangida (1986-1993) and the period under the civilian regime of President Olusegun Obasanjo (May, 1999 to 2006). He said these periods have witnessed concerted efforts by government to implement economic programmes prescribed by International Monetary Fund and World Bank, two agents of globalisation.

The effect of globalization was first noticeable between the months of May, 1992 and March, 1993 when there was chaos and total paralysis of the Nigerian economy by labour due to the effect of Structural Adjustment Programme on workers been retrenched because of privatisation exercise. With the privatisation of the ports, no fewer than 300,000 workers would have to lose their jobs by the time the exercise is over (Punch Newspaper, 2006).

At the privatisation of Apapa Ports recently, Association of Nigeria Custom Agents (ANLCA), estimated that no less than 10,000 of its members may be laid off. Even the Federal Civil Service, the government is still going on with its retrenchment of 74,000 workers, all in the name of restructuring the sector. These corroborate some existing findings which reveal that globalization lead to decline in Unions membership due to workers been layoff or retrenched.

Another major challenges that globalization prompted on Nigeria Trade Unions is the Market Despotism ruling pointed by Webster et al (2008). In Nigeria, the government has incessant increase the price of petroleum products without consultation with labour and the resultant effect of this is the hike in the price of other consumable goods which ultimately affect the standard of living of a majority of the populace who are workers. It is therefore, not surprising that the deregulation of the downstream sector has resulted to a running battle between labour and the state because of the adverse effect on the nation's economy.

Furthermore, many organisations are tempted to design methods that solely meet the technological demands because of globalization. Organisation structures are designed to cope with the requirements of the fast pace of technological innovation without considering the human elements or activities of a number of individuals to achieve specific goals. Meaning that labours are just being treated like a commodity (Webster et al, 2008). This inevitably lowers worker morale, most especially the bargaining power of manual workers and precipitate social problems both nationally and industrially.

Similarly, Nigeria trade unions have been accusing the transnational corporations of unethical labor practices as a result of globalization which really affect their right of representation, particularly workers rights'. Practices like engaging under-age workers in factories, paying peanuts whilst extracting inhumane hours, providing a poor work environment and general work condition that would have been penalized in their home countries. All this became a challenge to trade union because these set of workers are on short-term contracts that are hardly to organise and their representation rights is damp.

### **Conclusion and Recommendations.**

The impact of globalization on domestic firms in Nigeria has been overwhelming, disastrous and killing. Nigeria and firms both manufacturing and other sectors were not prepared for the challenges of globalization. It was a double tragedy of unimaginable proportions as the manufacturing firms had to face both domestic recession and market exposure simultaneously (Aluko, et al, 2004).

It is worthy to note that one of the major limitations of the study is its concentration on manufacturing industries, further study can be carried out on other sector like service industries such as telecommunication, banking and insurance to really measure the effect of globalization on trade union activities. However, the manufacturing firms felt the brunt of globalization most, as many of them have to fold up while those in the business are downsizing and operating below their installed capacities and the resultant effect is on the workers.

The central challenge in the globalising world is for a nation like Nigeria to make its firms competitive. Indeed, the task of making the firms or companies competitive is a shared responsibility between the tripartite.

There is the need for Government protection through good and effective regulations aiming to achieve the goal of globalization agenda whereby advantage emanated from government protection can be used by companies to

improved competitiveness stemming from increased productivity and distinctive products. Also, companies should be flexible, adaptable, creative and capable of uniquely learning from what makes Asian companies particularly successful in delivering greater value and actively involved in capacity building and knowledge sharing.

Perhaps, trade union should be more to revitalization strategies as Frege and Kelly (2003) have rightly put. Although Nigeria trade unions have developed a series of revitalization strategies ranging from organizing strategies to International linkages but noticeably among them is the Political alliances and coalition building.

In the year 2003, under the leadership of Nigeria Labour Congress President Adams Oshimole there was a strong coalition between the Nigeria Labour Congress and the civil societies to oppose price increases in petroleum products which lead to strike action that paralyzed the nation's social and economic activities, forcing the government to negotiate with them.

Another area need mentioning in Nigeria trade union revitalization strategies is the alliance with political parties. Nigeria trade unions have been working with some political parties that has the same ideologies with them in order to lobby government in power over favourable labour legislations, even to an extent of having a political party that presently ruling in the country.

In the year 2004, the Nigerian president sent a bill to the national assembly over the powerful nature of the central labour organisation (NLC), the trade union used their political alliance with parties to lobby the House of Representatives members so that the bill will pass in their favour and lead to the Trade Union Act of 2004.

Meanwhile, international link with foreign trade unions is important to mention particularly in influencing the Multinational corporations from their home countries over unlawful labour practices in the country such as employing under-ages and kicking against contract workers. This is done through solidarity because Nigeria central labour organisation is a member of International Trade Union Congress (ITUC) and challenge consistent with interdependent actions needed to bridge the North-South division to place globalization at the service of justice and prosperity for all nations.

By and large, trade union's partnership with employers in Nigeria context is not common because of the divergent interest of both parties unlike Germany where the gospel is about codetermination. However, organizing strategies and Union restructuring is a new trend in Nigeria against globalization by trade unions. Here, the young viable and committed workers were being cohort into the main stream of the union by giving an elective position to make them get acquitted with how union struggle is being carried out. Also, women folks have been encouraging to join a union in order to create gender balances and not seeing trade union job as a men's job. All these are the revitalization strategies adopted by Nigeria trade unions in order to overcome the challenges posed by globalization, especially workers' rights.

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