EMERGING GLOBAL POLITICAL ECONOMY AND IMPLICATIONS FOR THE NIGERIAN LABOUR MARKET

Samuel Ayodeji, OMOLAWAL
Dept. of Sociology
Faculty of the Social Sciences
University of Ibadan, Ibadan
omolawal01@yahoo.com

ABSTRACT
The world has been transformed into a global political economy as a result of the unprecedented level of interconnectedness of political, economic, social and technological forces that permeate the contemporary global system. This paper identifies trade regulations, technology and capitalism as core factors responsible for the emerging political order and goes further to argue that developing nations in particular, are constrained to be incorporated into the global economy, a consequence of which is the requirement for them to open their borders for external economic influences. For Nigeria, the developmental challenges arising from this new order have implications for every sector of her economy. Focusing on the labour market, the paper argues that the Nigerian labour market has been hit hard through the adoption of series of shock therapies allegedly designed to improve economic efficiency. Unfortunately, such therapies have generated pressures on organizations thereby forcing them to adopt survival strategies such as retrenchment, casualisation, outsourcing and these in turn have worsened the unemployment situation and labour standards; have promoted underemployment, cheap labour, disregard for trade unionism, and collective bargaining and promoted general job insecurity. The paper concludes that there is need to protect the Nigerian labour market and this would require a re-orientation towards the adoption of an ideology of social partnership and manifest readiness by the government to share its authority and responsibility for the management of the economy, in which case workers and their representatives must be well protected from external influences and domineering employers.

Key Words: Political Economy, Labour Market, Employment, Labour standards, Globalization.

INTRODUCTION
There is a growing consensus that the global economy as a whole has not only become more complex but also tightly interconnected thereby creating an economy of global dimension where nation states are gradually becoming less able to control their individual economy in terms of human economic activities. Globalization constitutes a mega trend in this new global political economy and has assumed an important phase in contemporary international economic relations. Given the emergent socio-political and economic transformation as well as the technological advancement in communication, information, transportation etc, the process seems to be irreversible. Nation States have indeed consistently intensified efforts towards engaging in business across national borders and constructing production and distribution networks on a global scale. Thus, the world today is a ‘global village’ given the unprecedented level of inter-connectedness of political, economic, social and technological forces that permeate contemporary global system (Adewuyi, 2003; Akinboye, 2007). This means that the well being of nations, regions, economy, politics and the entire human existence depends increasingly on what happens at a much global scale. For developing countries like Nigeria to be incorporated into the global economy, they are often required open up their borders and embrace recommended neo-liberal policies. This paper therefore aims at examining the implications of this new economic order on the Nigerian Labour market.

CLARIFICATION OF CONCEPTS
Political Economy: Political economy is not a new concept but has assumed a central position in the discourse of interconnections and interdependence of nations today. It is used to refer to the economic system of nations defined and regulated by external relation forces especially engendered through local and international politics. According to Bush & Szefetel (1994) and Ake (1996) both cited in Onyeonoru (2004), markets represent concrete configuration of power – power relations are integral to markets and hence politics is central.
to the design and implementation of economic reform projects. It tries to create a positive impression of government involvement in setting the standards for economic activities as the best way to ensure the growth and development of the national economy but has however assumed a broader and international dimension where nation states are no longer capable of solely determining or controlling their boundaries in terms of flow of goods, trades and services, because of the dictates of some world powers hence the term global political economy (Streeten, 1997).

Globalization: Globalization is a scrupulously contested subject and remains one of the most debated concepts in recent times: The arguments about it embrace issues of definition, measurement, chronology, explanation, normative judgment and policy (Onyeonoru, 2005). Giddens (1990) defines it as the intensification of worldwide social relationships which link distant localities in such a way that local happenings are shaped by events occurring many miles away and vice versa. This often includes events which take place in other nation-states and which may be outside the control of any state. According to Offiong (2001), ‘Globalization sets up a process through which events, decisions and activities in one part of the globe can and do have great consequences for individuals and communities in very distant parts of the world.’ The economists may want to see the phenomenon as a process of an increasing international division of labour and the accompanying integration of national economies through trade, goods and services, cross border corporate investments and financial flows. In this sense, globalization represents a phenomenon whereby historically distinct and separate national markets are becoming one huge market place, with resulting internationalization of production (firms securing goods, labour and services from different locations around the globe to take advantage of national differences in cost and quality of factors of production such as labour, land, capital, energy and technology) and selling to the world as one market.

From the foregoing, it could be seen that globalization is a process of breaking barriers of culture, geographical boundaries, language, distance through a system of information communication technology for effective trade and interactions. Currently, information, goods, capital, people, knowledge, images, communication, crime, culture, pollutants, drugs, fashions, beliefs among others all immediately move across territorial boundaries. National boundaries are made less relevant and states are less able to control what happens in the world.

Labour Market: According to Fajana (2000), labour markets are those physical places or abstract conceptions that bring potential or actual employers together with potential or actual employees. Labour markets function through the interaction of workers and employers. The interaction of demand and supply determines the allocation and pricing of labour all other things being equal. Neo-classical economists view the labour market as similar to other markets in that the forces of supply and demand jointly determine price (in this case the wage rate) and quantity (in this case the number of people employed). However, the labour market differs from other markets (like the markets for goods or the money market) in several ways. Perhaps the most important of these differences is the function of supply and demand in setting price and quantity. In markets for goods, if the price is high there is a tendency in the long run for more goods to be produced until the demand is satisfied. With labour, overall supply cannot effectively be manufactured because people have a limited amount of time in the day, and people are not manufactured. The labour market also acts as a non-clearing market. Whereas most markets have a point of equilibrium without excess surplus or demand, the labour market is expected to have a persistent level of unemployment (Ranis, 1997). The study of the labour market therefore can be conceived as the interactions of demand and supply of labour as well as the institutions that help to facilitate such interactions and processing.
THEORETICAL FRAMEWORK

Neo-liberal theory refers to a political-economic philosophy that de-emphasizes or rejects government intervention in the economy, focusing instead on achieving progress through encouraging free market methods andfewer restrictions on the business operations and economic development. This theory is based on two main tenets. The first is that close economic contract between the industrial core and the developing periphery is the best way to accelerate the transfer of technology which is the sine qua non for making economies rich (hence all barriers to international trade should be eliminated as fast as possible). The second is that governments in general lack the capacity to run large industrial and commercial enterprises. Hence the core missions of income distribution, public–good infrastructure, and few others should be privatized by the government. Nigeria has embraced the neo-liberal policies of privatisation, commercialization, removal of subsidy, deregulation and the like and these have generated pressures in the Nigerian labour market. Although the policies are aimed at revamping the economy and repositioning the nation for higher productivity, but the policies have, on the other hand, led to stiffer competition and increased challenges in the business environment. These have eventually impacted negatively in the Nigerian labour market where all forms of re-adjustments are taking place (Onyeonoru, 2004).

FACTORS PROMOTING THE GLOBAL POLITICAL ECONOMY

Different social theories offer different interpretations of how and why trans-world connections have grown. For example, liberal economics stresses the role of unfettered market forces in a context of technological change and deregulation. In contrast, Marxist political economy highlights the dynamics of the international capitalist system as the engine of globalization. For many sociologists, political economy and globalization are products of modern rationalism. Others find their explanation in a combination of these causes as Waltz (1999), Anyemedu (2000) and Scholte (2000) identify the following driving forces:

Technological innovations have contributed to the political economy by supplying infrastructure for trans-world connections. In particular, developments in means of transport, communications, and data processing have allowed global links to become denser, faster, more reliable, and much cheaper. Large-scale and rapid globalization has depended on a host of innovations relating to coaxial and later fiber-optic cables, jet engines, packaging and preservation techniques, semiconductor devices, computer software, and so on. Personal computers, the internet and hand held gadgets (from cell phone to the palm coder) are all visible expressions of technological advancement. In other words, global relations could not develop without physical tools and infrastructure to effect cross-planetary contacts.

Next to technology, trade regulations have also played enabling role in creating a global economy. Supra-territorial links would not be possible in the absence of various facilitating rules, procedures, norms, and institutions. For example, global communications rely heavily on technical standardization. Global finance depends in good measure on a working world monetary regime. Global production and trade are greatly promoted by liberalization, that is, the removal of tariffs, capital controls, and other state-imposed restrictions on the movement of resources between countries. Tax laws, labour legislation, and environmental codes can also encourage (or discourage) global investment. In short, the global economy requires supporting regulatory frameworks. Supranational organization in telecommunication, aviation, trade (WTO) and finance (IMF, World Bank) are at the forefront of the process. Unprecedented liberalization of trade under the GATT system and now WTO rules have guaranteed cross border movement of money, investments and trade; and also guarantee property rights for international capital, and legalization of organizations and activities. This driving force, according to Anyemedu (2000) has been the dominance of free enterprise, market oriented, liberalized trade policies and development strategy since the early 1980s. The collapse of the Soviet Union and the socialist regimes of Eastern Europe at the end of 1980s have intensified this dominance since it removed the major
contending economic strategies. Through the medium of policy-based lending, the World Bank, the International Monetary Fund and Western donor countries have ensured an economic orthodoxy which favours liberalized trade and the free flow of capital virtually embraced by all the developing countries.

Capitalism is another major force driving the process. Marx (1859) cited in Welner, (2007), stated that “capital by its nature drives beyond every spatial barrier” to “conquer the whole Earth for its market”. More specifically, global markets offer prospects of increased profits through higher sales volumes. In addition, larger production runs to feed global markets promise enhanced profits due to economies of scale. Capitalists also pursue globalization since it allows production facilities to be sited wherever costs are lowest and earnings greatest. Furthermore, global accounting practices enable prices and taxes to be calculated in ways that raise profits. Finally, global connections themselves (telecommunications, electronic finance, and so on) create major opportunities for profit making.

Other impulses to globalization and political economy have come from rationalism as the prevailing modern mode of knowledge. With its secular character, rationalist thought orients people towards the physical world of the planet rather than spiritual realms. With its anthropocentrism, rationalist consciousness focuses on the Earth as the realm of the human species. With its faith in positivist science, rationalism posits that modern, objective ways of knowing have universal validity and can (and should) unite the world. With its instrumentalist logic, rationalism provides efficiency arguments for overcoming territorial barriers to solve human and social problems. In short, as a secular universalism, rationalism provides a knowledge foundation for globalization: a way of thinking that spurs the process (Waltz, 1999; Kellner, 2000).

Thus all the above processes have contributed greatly to the emerging political economy. The great question is; where is Nigeria and Africa? According to Ajayi (2004), one of the crucial issues facing Africa is not whether it should integrate into the global economy; rather it is the form and manner in which it does integrate to derive maximum advantage. To him, the main message lies in the point that ‘the global economy’s potential benefits can only be fully realized when the necessary complementary policies and institutions are in place. This suggests that Nigeria and other African countries must put in place sound macro economic fundamentals and accelerate structural reforms that would make their economies less vulnerable to external shocks, swings in investor sentiments and capital flows (Ouattara, 1998). Speaking in a similar vein, Olukoshi (2004) argues that the dominance of the theme structural adjustment in the African policy process over the last two decades has set the context within which the continent was required to grapple with the challenges of globalization. It was a context which was not propitious for adequately meeting the developmental and equity issues thrown up by the accelerated processes of globalization. The African experience with the Structural Adjustment Programme (SAP) was hardly one which increased the prospects for the development of the continent. If anything, the adjustment policies simply became part and parcel of the dynamics of the crisis, exacerbating the decline that they were designed to tackle, and they also generated new problems of their own on account of their inappropriateness for resolving the developmental challenges facing the continent (Olukoshi, 2004; Omotola, 2004).

In Nigeria and other developing countries, the economic liberalist reform objectives of privatization, deregulation and open trade and investment have been introduced mainly through Structural Adjustment Programmes (SAP), supported by the World Bank and the IMF. Since 1986, the government of Nigeria has been implementing such a programme of economic reforms aimed at reducing the role of the state in the economy, increasing the role of the private sector and the market, liberalizing the economy and integrating it more fully into the global market. In support of this, Akinnusi (1992) says SAP was a major environmental change which has evoked a lot of coping and adaptive strategies by organizations, large or small, private and public. Onyeonoru (2004) captures the above
succinctly when he argues that in the specific case of Nigeria, the globalization of neo-liberalism combined with the debt crisis to intensify its impact on the economy and workplace relations. He argues further that policies that emanated from the economic, social and political spheres were basically underpinned by neo-liberalism, and impacted negatively on workers and trade unions. The neo-liberal economic policies adopted by Nigeria included privatisation, commercialization, deregulation, removal of subsidies, liberalisation among others. These policies have generated pressures in the operating environment and the economy of the nation and have impacted major changes and posed challenges to the Nigerian labour market where all forms of adjustments, re-engineering and re-structuring have and are still taking place. The pressures generated by these policies have led to adoption of survival strategies on the part of business organizations such as retrenchment, mergers and acquisition, casualisation, outsourcing and so on. In the process workers have become impoverished and made to survive under difficult situations; They are losing job security and becoming less powerless to defend themselves; Daily, workers are retrenched, downsized and made to survive untold hardship in the hands of their employers who are all looking for cheap labour in order to maximize profits; Trade unionism and collective bargaining which hitherto have been their weapons, are losing their potency, and thus Nigerian workers are more exposed to the vagaries of the market forces. This is the situation Nigerian workers find themselves in this globalized world (Okougbo, 2004; Onyeonoru, 2003, 2004; Adewumi, 2008; Adewumi and Adenugba, 2010).

IMPLICATIONS FOR THE NIGERIAN LABOUR MARKET
Change in structure of the Labour market: The labour market comprises of two sectors: the formal and informal sector. Because of the nature of operations, regulations and control measures in the formal sector, it is seen as more effective in terms of profitability, utilisation of technology, quantifiability and measurability, span of life thereby contributing more, to the national economy. However, the last three decades have witnessed the shrinking of the formal sector and the expansion of the informal sector as a result of restructuring processes of retrenchment, down-sizing, right-sizing, mergers and acquisition, consolidation and re-engineering exercises in all sectors of the economy. All these are consequences of Nigeria’s adoption of neo-liberal policies. According to Kayode (2006), retrenchment of workers have taken place both in the public and private sectors of the economy and the major reasons offered for such exercises have been subjects of debates at many fora. For example, in the Banking sector in 2009, Intercontinental Bank Plc sacked 250 employees; Wema bank – 250; Oceanic bank- 150; Stanbic IBTC- 300; Afribank- 625; Finbank- 150 (The News, December 2009).The implication thereof is that with the contraction of the formal labour sector, a lot of individuals are being pushed into the informal sector which unfortunately is characterised by low level of efficiency, absence of infrastructure, low capital base, fluctuation of activities, insecurity, short life span, instability, low remuneration and low profit margin and so on (Fajana, 2000; Ichima, 2009). The shift to the informal sector is thus seen as a survival strategy that is blurring the dichotomies between formal and informal sectors. According to Fajana (2000), the informal sector is only accommodating a large number of operators in varying state of disguised unemployment and under-employment. It has come to serve as a cushion against the visible unemployment brought about by globalization and the new political economy. This is therefore changing the structure of the Nigerian labour market and it has serious implications for wage earning, labour unionism, industrial relations and the efficiency of the labour market.

Emerging Employment Forms and Industrial Relations: The past few years have witnessed important changes in industrial relations. According to Adegbeyega (2004), the global economy- characterized by the opening of world markets, increasing competition, accelerated technological and structural changes as well as cyber revolution are all having serious impact on employment forms. Two significant trends in the labour market are: an
increase in unemployment figure; and second an increased growth of the contingent employment in absolute terms and relative to the full time or permanent employment (ILO 2000). The overall effects of these changes are very obvious in the emerging forms of employment such as Casualization, outsourcing, and contract jobs and so on, dictated by trends in the labour market. Casualisation is work condition known in international law as non-standardized, contingent, atypical, precarious and alternative work arrangement (Kelleberg, 2000). Many organizations in Nigeria are known to have as much as 50% of their workforce as either casuals or contract employees (Danessi, 2011). For instance, in the construction sector, casual labour accounted for 49% of the staff strength of Julius Berger in 2005; in 2010, the percentage rose to 51% while in 2011 it accounted for 64.4% of the total staff strength (Bamidele, 2013). Such casual works are given lower and poorer benefits, denied the right to organise and to bargain collectively.

All these have implications for employment relations, collective bargaining, wage system and employee motivation and commitment.

Democratization of Labour and change in Industrial Relations: Traditionally, trade unions occupy an important part in the employment relations in the labour market. However, in the contemporary world, the union management relations have witnessed changes in the norms and patterns of industrial relations. The Nigerian labour market now witnesses increased democratization of labour. Membership of unions is no longer automatic as it used to be in the past. Workers are being threatened or discouraged from belonging to unions and in some cases such as in the Banking sector, it is explicitly their policy for workers not to join trade unions. Consequently leaders of trade unions are now challenged to make themselves more relevant to guarantee their continued existence and importance to workers in the labour market. In some organizations where unionism is still allowed, the pattern of relationship has changed from cordiality to hostility. This situation is most pronounced in the banking sector and oil sector (Onyeonoru, 2004; Anugwon, 2007)

The increasing adoption of non-standard forms of employment such as casualisation, outsourcing, contract and other temporary jobs does not give room for unionism. According to Okougbo (2004), such temporary workers are exposed to the following dangers: abysmal low wages, absence of medical care and allowances, no job security or promotion at work, no gratuity and other severance benefits, no leave allowance, no freedom of association no death benefit, no negotiation or collective agreements and the like. The increasing adoption of ‘no union’ clause especially in the banking sector, telecommunication sector, oil and gas sector and so on is also sweeping the carpet off the floor of trade unionism in Nigeria. With this trend, the decline in the number of people joining trade unions is weakening the numerical strength as well as financial power of trade unions. Discouraging trade unionism automatically increases breakdown and neglect of the use of collective bargaining in determining issues between and among the labour market partners. This therefore promotes insecurity; inequality and instability in the Nigerian labour market (Adegboyega, 2004; Adewunmi 2008; Adewumi and Adenugba, 2010).

Growing Disregard for Collective Bargaining: The Collective bargaining machinery provides opportunity for workers through their trade unions to be involved as social partners in the decision making process particularly on issues affecting their employment. Through this process, workers are empowered, and the power relation in the workplace is relatively balanced. However, the trend in industrial relations is that employers are gaining greater power over their employees and trade unions. This is further promoted in Nigeria by the Trade Unions Act of 2005 which makes union membership and check off system voluntary. Also, the institution of collective bargaining which regulates the relationships in the labour market is gradually being neglected. For example, trade unionism and collective bargaining are not allowed in sectors such as the information and communication and in many banks in the banking sector. As a result, the balance of power and power relations in the Nigerian
labour market now tend to be more unequal and this is well captured by Kwanashie, (1998), Dike (2001 and Adegboyega (2004) who argued that what the period of economic reforms seemed to have done has been to undermine the existence and role of trade unions and to heighten the adversarial aspect of the relationship between Nigerian labour market partners. This development was summed up by the president of the Nigeria Labour Congress in his 2010 May Day address when he said:

“Every year, we lament the conditions under which we work, we lament the poor wages that we are paid, the unsafe conditions under which many of us work..., the dislike for collective bargaining by governments and other employers and the refusal and penchant to refuse the implementation of collective agreements and various other hostile conditions in the workplace” (Omar, 2010).

The implications of the above are manifest in the fact that the Nigerian labour market now witnesses wide wage differentials, increased inequalities promoted by market fragmentation, market forces regulated pay structures and dwindling income as a result of inflation, poor wages, insecurity and poor motivation.

**Growing Job Insecurity:** One of the high points of formal employment is the issue of job security which scholars have found to be fundamental to motivation and job commitment of workers (Maslow 1943; Herzberg, 1958). However this ideal is gradually disappearing. According to Adegboyega (2004) the attractive attributes of modern employment relations like security of tenure, stable career and job for life are key casualties of the emerging information age and political economy and they indeed signposted the imminent collapse of the wage-labour system. The Nigerian Labour Congress (NLC) affirmed that the greatest victim of the global economy has been the Nigerian workers because of the unprecedented increase in the numbers of the unemployed resulting from mass retrenchment while those who remain in employment have found their standard of living steadily eroded due to inflation. In February 2009 alone, many companies shed thousands of jobs: a number of textile factories laid off 5,000 employees, Dunlop Nigeria laid off 400 employees; Peugeot Assembly of Nigeria laid off 565 of its 753 employees while Cadbury laid off 300 employees and the virus of job losses continued unabated (The Nigerian Guardian, in Aina (2012). Daily, workers work with the fear that they could lose their jobs without any notice. The unemployment situation in the country also provides opportunity for some employers to promote cheap employment through casualisation, contract jobs and the like. The inability of these categories of workers to be unionized and the deliberate efforts of some employers not to allow trade unionism all make the workers politically weak to protect themselves in the workplace. In certain sectors, some employers underrate the labour standards by not ensuring basic minimum standards and providing safety gadgets to protect employees from physical harm. In Nigeria, according to Fajana, (2010), most workers are constantly at risk from chemical, biological and environmental sources that cause injuries and health impairment such as breathing problems, eye irritations and fatigue. The implication of the foregoing for the Nigerian Labour market is that modern employment in Nigeria is becoming more insecure, unstable, casualised, and that majority of ordinarily active people are compelled by global economic pressures and failure of governance to remain either unemployed or underemployed (Adegboyega, 2004; Okougbo, 2004; Adewumi and Adenugba 2010).

**Social Security and Services:** With the emerging forms of employment in the more developed countries, the employees involved have continuous records of their employment no matter how temporary, in their national employment office and the period is often counted for them in terms of their access to social security and social services. The availability of social security services and some centralized/national deferred benefits in advanced countries is a shock absorber for employees in contingent forms of employment. Although we are beginning to have some social security bodies in Nigeria, but their focus is on people...
with permanent contract of employment. Unfortunately these benefits and opportunities are not available in Nigeria for people in temporary employment thus making the issue of emerging forms of temporary employment in Nigeria a double challenge for workers in the labour market. Consequently, this has created a situation of insecurity and poor motivation for workers in the Nigerian labour market (ILO 2000, Ogunbameru and Adesina 2000)

**Weakening Employment Relations:** Employment relations are about people engaged in the work place. Traditionally, employment relations have been structured to provide fairness, justice and equitable distribution of organizational resources and to enhance a sense of security especially on the workers. However, the trend today is that employment relations are gradually changing and the ground under workers’ security appears to be eroding. According to Williams and Adam-Smith (2006):

> ‘It is a revolution, a revolution for sure. It is not just a matter of a few bloated corporations trimming jobs. It is a new way of doing business and organizing work that spells the end of secure, long-term employment for practically everybody. An unwritten covenant between employers and employees is being annulled’

This form of underemployment is as troubling as unemployment, since more and more people are relying on these non-standard or contingent jobs. Reducing labour standards is also raising a lot of questions on the safety and dignity of work and workers in Nigeria. In terms of the implications for the Nigerian labour market, the paradox of our times therefore, is that many workers today work long hours while many others have no work at all. Increasingly, people who want full-time, permanent employment have to settle for part-time, temporary or seasonal work. Common in this regard are; the banking sector, the communication sector, manufacturing industries especially those owned by Asian nationals and so on.

**CONCLUSION**

This paper has examined the implications of the emerging political economy on the Nigerian Labour Market. Neo-liberalism has become a common term in the lexicon of governments in their bid to turn around the economies of their various nations. Unfortunately in Nigeria and other less developed countries, the neo-liberal policies and emerging political economy have greatly accelerated the level of unemployment and under-employment. As a result of abundant and cheap labour most employers of labour are capitalizing on this situation and consequently making offers that create departure from employment relations and this has further reinforced wage differential among workers. Furthermore the growth of trade union is being threatened as they are losing members through retrenchment/re-organization, casualisation, contract/temporary staff. Neo-liberal governments no longer regard trade unions as social partners in the tripartite relationship but rather as enemies that must be crushed, at times, with military force and precision. Conclusively, there is need to protect the Nigerian labour market from externally induced influences and this would require a re-orientation towards the adoption of economic policies that take the Nigerian environment and culture into consideration. It will also require an ideology of social partnership and manifest readiness by the government to share its authority and responsibility for the management of the economy, in which case workers and their representatives must be well protected from external influences and domineering employers.
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