

The Changing Role of State in Industrial Relations & Social Protection

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Changing role of state in industrial relations and social protection is designed to reduce industrial conflict, enhance the workforce well-being and improve organizational productivity. This study is descriptive and relied on a sample size of 350 drawn from a population of 1050 employees of PZ Industries, Agbara Lagos State, Nigeria. The study specifics consist of questionnaires designed and structured, both open-ended and close-ended, to elicit data. Questions centered on the changing role of state in industrial relations and social protection, interpersonal relationship between industrial relations and social protection and effect of inter-temporal relationship between industrial relations and social protection on organizational wage budgets. The study found that significant relationship exists between industrial relations and social protection.

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Introduction

Designing strong and efficient state role mechanisms for promoting industrial relations harmony and efficient social protection programs is a necessary paradigm for eliminating labor market invariability, income and wage disparities in the economy. In an era of increasing globalization and overwhelming business competitiveness, the Nigerian Government still exhibits pervasive policy inertia and primordial and insensitive authority over industrial relations issues such as wage determination and conditions of service (Tajudeen & Kehinde, 2007). Issues bothering on industrial relations are not subjected to exclusive intervention of a single entity.

Industrial relations refer to the pattern of interaction or relationship between the employer and /or management on the one hand and employee and /or trade unions on the other, including the activities of government in supervising and controlling the industrial relations system (Okaka & Eriguna, 2011). This form of relations has a direct concern for all aspects of work and employment in all industries and types of employment

and topics/problems related to labor (Kaufman, 2004). The insistence on this conventional inter roles presents a distracting intrusion which has not only succeeded in pinning down the impulse of dynamic stimulus that dictate the labor market variables but also imposed restrictive tendencies on the ability of the industrial relations system to produce synergy that can propel other economic variables such as pricing, income, interest rates, goods distribution and market policies to boost productivity in the economy.

Literature Review

The general model for the management of industrial relations system in Nigeria suggests the inclusive participation and contribution of the sub units that make up the system. These sub units consist of the workers and their trade unions, employers and their associations and the government and its agencies (Ayantunji & Ayantunji, 2013). A more attractive interpretation of this collective participation concept is that by virtue of sustained relationship people come to develop common consensus that is binding on them. By implication, industrial relations involve actors and institutions such as government and its agencies, trade unions with its workers and employers and their association and the relationship between them (Kochen, 1986; Fashoyin, 1988 cited by Adeniji, 2015).

A further possibility is to view the practice of industrial relations as having an objective by managing issues and problems concerning the relationship between workers and employers (Imafidon,

1996). Thus Fajana (2005) defines industrial relations as encompassing every conceivable feature affecting the management of labor (human resources) including the activities of government or its agents over management. The key feature in this definition is that industrial relations do not terminate with labor management relations rather it is broadened to include all measures and approaches essential for resolving and reconciling conflicts as well as improving the well-being of employees engaged in the relationship between employer and employees (Okaka & Eriguana, 2011).

Changing Role of State

In dealing with the underlying causes of labor relations crises, first, the proposition that the harmonious relationship between the employers and employees will bring about industrial productivity is accepted and when this is in the persistent increase will engender high economic development and growth. The presumptive assumption with in this premise is that the state should not only intervene but be involved in matters concerning workers and employers of labor.

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Kelly (1998) supports the view that the employers and employees are the principal parties in industrial relations does not deny the right of preeminence to the pervasive if not over arching influ-

ence of the state and its agencies. To put it differently, all labor/employment policies in Nigeria are to be seen as an integral part of the national policies and objectives of the country as a whole (Tajudeen & Kehinde, 2007). Some of these reasons reflect the rising tendency for the government to play a significant role which is complementary to harmonious industrial relations in the country. Fajana (2006) states a periodic role of state in industrial relations. According to him before Independence, government interest in industrial relations matters was minimal (as measured by the amount of protective legislation for) due to:

- Few workers in wage employment
- Absence of a two sector economy
- Colonial administration pursued a policy of creating the right environment for colonial enterprises to flourish.

There is, however the reason to believe that this role should be large in the later stage of development. As fabric facilities are built up and capital markets are developed leading to large industrial layouts, the path is now cleared for more workers to be employed and more trade unions and associations to be formed. This development is faulted by the fact that industrial development generates its own problems. A systematic analysis of the potential threat posed by this industrial development reveals that workers becoming apprehensive of the challenge of the work place and immense psychological impact of exploitation by industry owners decide to form stronger trade unions (Adeniji, 2015).

Reflecting on the changing role of Nigerian Government in industrial relations, one is tempted to look at the perspectives of economic changes and employment role, government institutions, labor laws and collective bargaining (Nkemdili, 2012). Logically, the first proposition to be investigated is: what is the impact of these variables on industrial relations development and whether there are striking changes in the government's relative position that can improve the fortunes of industrial relations in Nigeria.

Economic/Employment Role

The most conspicuous dimension of the state involvement in the growth of industrial relations in Nigeria is the impact of economic and employment situations. The fluctuation in the economic riches of the state represents a frightening facet in the growth of industrial relations in the country. The economic meltdown which saw the private sector or capitalism on its knees, is threatening the fabric of industrial relations. Those developments have drastically changed the nature of the industrial nations as has never been seen before. The state must come up with a macro-economic model-building concept that will predict massive state intervention with the objective of reversing the economic misfortune that has thrown millions of Nigerians out of jobs.

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The implication of jobs lost especially by the youth and working age adult is devastating. Dismantling or destroying expectations can lead to early deaths, criminality, family breakages and different types of sicknesses, political instability/ strife and religious turmoil. The resources imbalances created by economic recession can be resolved by the state through bail out, optimal response to restrict firing and consolidation so that worker expectations may be guaranteed. The government response to exogenous disturbances may be crucial in halting the trend of economic recession so that industrial relations may grow.

The recent call by ASSBIFI (Association of Senior Staff of Banks, Insurance and Financial Institutions) for the nationalization of banks is designed for state in strangulating role in industrial relations (ASSBIFI, 2010). ASSBIFI (2010) appeared to have espoused this decision in view of the fact that selling the banks to private/foreign investors would not be the solution because global economic meltdown was the handiwork of failed private investors and private financial institutions from the United State and Europe.

Impact of Labor Acts

The theoretical framework for analyzing the impact of labor acts on industrial relations development rests on its inter temporal relationship with industrial development and economic growth. It is important to review this relationship and possibly draw liberally on the contributions by the state for its development. The

state plays overwhelming role in enacting labor acts, laws decrees. Example of such acts are: Trade Disputes Act to Factories Act legislation relating to terms and conditions of employment, Labor Acts Cap198 1990, Wages Board and Industrial Councils Act Cap 446 1990, legislation relating to Social Security, Workmen's Compensation Act Cap 470 1990, NSITIF Decree 1993, legislation relating to Health and Safety, Pension Reform Act 2004, National Housing Scheme which labor is opting out because of mismanagement, monetization etc.

Benefits Act – in the public sector, New Trade Union Act of 2007 that attempts to have more than one central labor union which the then government called democratization of unions, the Employees Compensation Act 2010 just sent to the National Assembly by the Nigerian State, in all estimates, an overhaul of these Acts will immensely trigger off a sustainable pressure for the development of a new breed of industrial relations which is capable of altering the imbalance created by economic recession on main component of payment variables such as basic pay, productivity incentives, social security and fringe benefits (medical benefits, paid leave and allowances). Some of the allowances include rent in lieu of quarters, basic amenities for electricity, water, transport, subsidies for education of children and domestic assistances (Armstrong, 2009; Bratton 1999)

Probably, a more assertive support job vibrant state intervention in the reshaping of labor variables that tends to

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undermine the industrial relations in Nigeria could be found in the stand point presented by the Indian Prime Minister. Dr Singh argued for more flexible labor laws stressing that inflexible or rigid regulation hurts the growth of employment in the fast-developing countries. The framework which is required in this perspective involves inter temporal decision making which can generate employment and increase productivity while protecting workers. Dr. Singh explained that states should consider the possible role of some of the state labor laws in contributing to rigidities in the labor market which hurt the growth of employment on a large scale and that the Indian state is committed to economic reform with a human face.

Collective Bargaining

The index that measures the effectiveness of collective bargaining in an organization is expected to show a positive sign as more support is drawn towards the practice. However, recent developments in the economy where the workers are laid off, some maimed and others labeled radicals, rebels or thieves, have presented some decomposing variance. Variance decomposition breaks down variation in the system into components due to variation in the shocks (Paul & Ashtekar, 1990). Failure of the collective bargaining practice to promote workers well-being and harmonious in-

dustrial relations produces institutional deviations from some acceptable standards. Nigeria, as an emerging economy, must realize the need to re-evaluate the effectiveness of the present collective bargaining practice if the growth of industrial relations in the country should be sustained taking into consideration the impact of the recent economic recession.

Collective bargaining in Nigeria has been made possible through legislation such as National Minimum Wage Acts and agencies such as Wages and Salaries Commission, Ministry of Labor and Productivity, etc. These agencies are involved in wages and salaries negotiation and bargaining (Adeniji, 2015).

Government Institutions

This aspect of the discussion tends to highlight some special features in government institutions that can be reformed for the purpose of improving the efficacy of industrial relations in Nigeria. Sectoral reforms in the Nigerian economy such as reducing the dominance of the public sector (Bangladesh, Ghana and India), building a legal infrastructure to accompany reductions in industrial licensing requirements (India) and increasing labor market flexibility (notably Chile and India) can as well contribute to affecting the required level of changes in employment rate, industrial productivity and industrial relations. The Nigerian State has so many institutions which are unionized, some are research based and some are developmental. They all require structural reforms in order to improve the efficiency of resource allocation and produc-

tivity. According to Nigerian Association of Chambers of Commerce, Industry, Mines and Agriculture (NACCIMA) (2011) the Federal Government should not relent in its effort to rev up the tempo of public sector reforms in the country.

Changing Role of State in Social Protection

It has become imperative to examine the changing role of state in social protection and how this involvement, being revolutionized by approach and design, can bring about a flexible operating linkage strong enough to stabilize the industrial relations system in Nigeria. Although this aspect of the study has been bypassed in some recent theoretical studies on industrial relations, it is objectively relevant that it is accorded innovative response in view of the critical role social protection plays in the overall wellbeing of the citizen whether employed or not.

Social protection is a wellbeing maintenance scheme often used to measure the level of state constitutional social protection of the citizenry. Social protection is defined as being concerned with preventing, managing, and overcoming situations that adversely affect people's wellbeing (United Nations Research Institute for Social Development). Social protection consists of policies and programs designed to reduce poverty and vulnerability by promoting efficient labor markets, diminishing people's exposure to risks such as unemployment, exclusion, sickness, disability and old age.

The visibly large benefits of social protection programs have positioned it as the programs of choice by many countries in the world. The fact that people suffer vulnerability leading to poverty, frustration, agitations, crimes, diseases, epidemics is enough to step up commitment to more and expanded social protection schemes, the impact of which is not strictly restricted to stronger wellbeing of the citizens but also can be relied upon to improve the industrial productivity of the country. The argument in favor of social protection in this regard does not mean that the state cannot gamble with industrial disharmony. Persistent and prolonged strikes and lock-outs clearly explain some of the more extreme cases of employer-employee disputes often caused by vehement disregard of employment agreements. It would therefore be difficult to analyze the sources of industrial disputes without first appraising the role and magnitude of state involvement in social protection programs in the country.

According to Otobo (2000) it is almost impossible to understand in any meaningful sense the nature of industrial relations and trade unionism in any country without first looking at the role played by the state or government. This further implies that state involvement has important influence for the growth of industrial relations through the implementation of social relations through social protection.

Concept of State

Obisi (2005) averred that there has been a consistent misuse of the term

state and argues that federating units cannot be called a state but the federation itself is a state while Gokhale (1995) defines a state as a politically organized society in a certain territory. The government is simply explained as the agency or instrument of the state and as such of the people. Wilson (1936) posited that the government is the machinery of the state, it is the lever of social control and its officers act as agents of the state. A state to be truly called a state should have population, government, territory and sovereignty.

Types of Social Protection

The obvious way to understand the changing role of state in social protection of course would be to categorize it into different segments such as labor market intervention, social insurance, and social assistance etc.

Labor market interventions are policies and programs designed to promote employment, the efficient operation of labor markets and the protection of workers (Gokhale, 1995). By this explanation, there are resulting suggestions including the mix of decisions through which labor market interventions interact to reflect mandatory application of social protection for workers well being. These are made up of active and passive policies. The active programs focus directly increasing the access of unemployed workers. Active labor market programs (ALMPs) are used to reduce the risk of unemployment and to increase the earnings capacity of workers while passive programs such as unemployment insur-

ance, income support and changes in labor legislation alleviate the financial needs of the unemployed but are not designed to improve their employability (Obisi, 2005).

Social insurance schemes are contributing programs that protect beneficiaries from catastrophic expenses in exchange for regular payments of premium (Obisi, 2005). The view of social insurance has its merits. Health cost can be very high for the poor and majority of the deprived minorities in our society so social insurance becomes an instrument of gradual reform, adjustments and stabilization of the entire industrial relations system.

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Social Assistance Scheme represents another form of social protection designed to improve the wellbeing of the citizens. It comprises the programs designed to help the most vulnerable individuals such as those with no other means of support like single parent interact to reflect mandatory application of social protection for worker well-being. These consist of both active and passive policies; provide protection for the poor who are capable of gaining employment. While passive programs such as unemployment insurance, income support and changes in labor legislation alleviate the financial needs of the unemployed but are not designed to improve their employability (Obisi, 2005).

Objectives of the Study

This study is intended to examine the following:

- i. Impact of changing role of state in industrial relations and social protection on organized productivity
- ii. Whether the level of inter-temporal relationship existing between industrial relations and social protection is capable of minimizing the organizational expenses on employees
- iii. Assess the perceptions of workers about the increased state role on industrial relations
- iv. Whether the position of the government as a bulk employer has any negative impact on the contents of the social protection schemes
- v. Whether the improved state role in industrial relations and social protection will guarantee industrial harmony

Research Questions

The following research questions were designed to guide the eliciting of data and analysis:

- 1 How would the changing role of state in industrial relations and social protection bring about higher organizational productivity?
- 2 Would the level of the inter-temporal relationship existing between industrial relations and social protection work to minimize overall expenses on employees?

- 3 What are the perceptions of workers about the prescriptions that government should increase its role in industrial relations and social protection?
- 4 Would the position of the government as a bulk employer of labor affect the content of the social protection schemes?

Research Methods

This study adopted a survey research design and a case study on PZ Cussons Nigeria Plc, Agbara, Lagos, Nigeria. The design allowed the researcher to source data from a large sample size drawn from the company's working population. Questionnaires were designed and structured (open-ended and close-ended) to allow respondents to react to such questions as on the effect of changing role of state in industrial relations and social protection in organizational productivity, inter-temporal relationship between industrial relations and social protection to mitigate organizational expenses on employees, perceptions of workers on the changing role of state on industrial relations and social protection and impact of high rising employees wage budget of government on the contents of social protection schemes.

The population of the study comprised employees of PZ Cussons Nigeria Plc, Agbara, Lagos. A breakdown of the population showed that personnel and administration consists of 70 employees, marketing and distribution comprises 170 employees, estate and maintenance employs 30 and production, quality control

and stores has 80 employees. Altogether, the total population was made up of 350 employees. Based on the population, the sample size was determined with the aid of simple random sampling method as 140 workers. This worked out: personnel and administration 28 workers, marketing and distribution 68 workers, estate and maintenance 12 workers, production, quality control and stores 32 workers. Data analysis was conducted with the aid of Statistical Package for Social Sciences (SPSS) and 4 point Likert scale to determine the strength of the responses. The items in the questionnaire were categorized as demographic and research variables. The demographic variables related to primarily income range, gender groups, age, marital status and educational qualification while research variables are concerned with responses on research questions. Responses were ranked as very important, important, not important and indifferent.

Data Analysis & Results

Demographic analysis of the sample size showed that a total of 244 employees were males representing 69.71 per-

cent of the total sample while 106 employees were females. This accounted for 30.29 percent. Employees within the age range of 25 to 35 years were 100 in number representing 28.57 percent; 35 to 45 years were 170 which accounted for 48.51 percent; and 45 to 65 years were 80 which accounted for 22.86 percent. A total of 265 workers representing 75.71 percent of the sample workers were married while 85 employees accounting 24.29 percent were single. Two hundred and eighty (280) were either first degree holders with professional certificates or more which accounted for 80 percent of the total sample while 70 persons may either possess diploma certificates or trade certificates in their respective fields. The income range varied according to qualifications and experiences.

A critical question while designing the study is the changing role of state in industrial relations and social protection for organizational productivity. The study approached this aspect with emphasis on traditional labor market and social protection characteristics such as laws, institutional reforms, collective bargaining, social security laws, wages and salary

Table 1 Responses on Changing Role of State on Industrial Relations and Social Protection for Organization Productivity

Variables	Level of responses that support interventions				Total
	Very Important	Important	Not important	Ind.	
Labor laws changes	260	83	5	2	350
Institutional reforms	149	130	68	2	350
Collective bargaining	259	71	16	5	350
Social security laws	172	103	62	13	350
Wages and salary laws	303	35	7	5	350
Labor market programs	192	146	3	9	350

Source: Field survey, 2016

Table 2 Effect of Inter-temporal Relationship between Industrial Relations and Social Protection on Organizational Wage Budgets

Variables	Level of responses that support relationship				Total
	Very Important	Important	Not important	Ind.	
Health and safety	308	35	4	3	350
Fringe benefits	266	78	3	3	350
Poverty reduction	183	137	28	2	350
Labor market reforms	242	107	1	-	350
Employment creations	343	7	-	-	350
Equitable policies	89	119	122	20	350
Social control	108	246	2	4	350

Source: Field survey, 2016

Table 3 Effect of Inter-temporal Relationship between Industrial Relations and Social Protection on Organizational Wage Budgets

Variables	Level of responses that support Government intervention				Total
	Very Important	Important	Not important	Ind.	
Social security programs	192	145	9	4	350
Social insurance policy	179	128	139	4	350
Social legislations	235	106	7	2	350
Labor legislations	238	108	1	3	350
Unemployment insurance	79	126	133	12	350
Non-standard work elimination	16	192	1	1	350

Source: Field survey, 2016

laws, labor market programs and protection of workers. Majority of the respondents favored labor law changes (74.29%), collective bargaining (74%), wages and salary (86.57%) and labor market programs (54.86%).

On the effect of inter-temporal relationship between industrial relations and social protection on organizational wage budgets, the study focused on employment terms and conditions and compensation packages and social reform variables such as health and safety, fringe benefits, poverty reduction, labor market reforms, employment creations, equitable policies and social control. Majority of the respondents

testified that health and safety (88%), fringe benefits (76%), poverty reduction (52.29%), labor market reforms (69.14%), employment creation (98%) have significant roles to play in the well-being of the organizational workforce and as such require strong state intervention.

On whether the government should facilitate investment and organizational commitment on social reforms and legislations to boost organizational productivity the study found out that state intervention should focus on social security programs (54.88%) social insurance policy (51%), social legislations (67%) and labor legislations (68%) only.

Discussion & Conclusion

The suggestion that the government should intervene periodically in the management and provision of social protection by majority of the respondents is supported by the view of Horwitz (2006) who argued that in many African countries dominant state role is needed to drive the wheel of industrial and economic development. On the issue of the inter-temporal relationship between industrial relations and social protection respondents were of the view that a new role by the state could bring about harmonious spending both by the state and organizations with the impact on lower organizational wage budgets. When this is achieved it minimizes industrial conflicts and enhances over all employers well-being. The argument is supported by Okaka and Eriguana (2011), Yusuf (1984) and Ubeku (1986) that a strong and improved industrial relations system supported by the machinery of state would promote industrial harmony and economic development.

Strong and improved industrial relations system supported by the machinery of state would promote industrial harmony and economic development.

Recommendations

Appropriate intervention of state in industrial relations and social protection depends largely on the need and timing of the role. However for a developing economy like Nigeria state intervention

should be on a regular basis. Despite the great differences between the state owned and private owned organizations the unsurprising convergence makes it mandatory for the state intervention since both type of organizations employ citizens who are affected by the same labor market distortions.

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