

The Implications of Social Democracy on Industrial Relations in Nigeria

Adigun Abel O.

Department of Business
Administration Bell University of
Technology Ota, Ogun State Nigeria.

Abstract

The relationship that exists between employers and employees either individually or collectively remains a central feature of organisational life. Despite the competitive edge that may be secured from sources such as product innovation, technological change and the more efficient utilization of energy and raw materials, the manner in which a workforce performs its functions will normally have a major bearing on the organisations long-term success. However, within organisations, the contrary nature of employment relations and the basic relationship between profit and wages, authority and compliance, creates a persistent tension between employers and employed, management and workforce. This makes the practice of industrial relations problematic and complex. In view of this context, this paper examines the implications of social democracy on industrial relations in Nigeria. However, despite the fact that the main factor underlying economic growth is the quality of institutions and organizations and their capacity to reach an efficient allocation of resources; coordinate and motivate individuals to contribute maximally to the well-being of all. It is however of note that industrial relations is often characterised by conflict of worker and employers interest which may result in industrial disputes. Equally, there is no assumption of equality of interests since workers typically are in a subordinate position within the employment relationship and are subject to repeated challenges by employers as they try to redefine and realign workers interest with corporate goals. Therefore, this study x-rays the nature of the relationship that exists between an employer and employee. Also, the role of trade unions and how their activities helped to regulate employee/employer industrial relations in Nigeria.

Keywords: employer, employee, industrial relations, social democracy, organisation

INTRODUCTION

Employee industrial relations do not exist in a vacuum. They are located within, influenced by, and in turn impact upon many other aspects of the work organisation and wider society. Factors such as the size and structure of companies, the technologies they use, their patterns of ownership and control and the character of their product markets have increasingly been recognised as important influences on the processes and outcomes of employee industrial relations. Just as significant is the nature of the

Workforce and the composition and conditions prevailing in the broader labour market from which individual workforces are drawn (Blyton & Turnbull, 2004). This implies that organisational environment is embedded with human and non-human resources. The survival of any organisation is determined by functional relationships that exist among these elements. These interpersonal relationships form the nexus of organisational industrial relations. However, in organisational environment this is patterned along the dynamics of social democracy. As observed in organisations, employers and employees experience the democratic politics of collective bargaining, negotiation for better welfare package; they are

subject to reforms, etc. This experience is consistent with Sejersted, Daly and Richard's (2011) perception of the fact that social democracy is a policy involving collective bargaining schemes within the framework of a capitalist economy. It is often used in this manner to refer to the social models and economic policies prominent in Western and Northern Europe during the latter half of the 20th century. The exercise of collective bargaining is intimately linked with social democracy and workers' rights to organise trade unions and a legislative paradigm encouraging the parties to collective agreements to engage in the process (Koch & Opute, 2008).

According to Opute (2011) the evolution of social democratic structures in organisations to enhance effective industrial relations in Nigeria is proving challenging. In particular, the establishment of viable trade unions, co-operative employers and state regulation in fostering collective bargaining has been confronted with a multitude of problems. It is a widely accepted fact that the ineffectiveness of employees and employers to achieve cogent and effective negotiations to establish wage levels and conditions of work in Nigeria has led to the creation of institutions and mechanism to facilitate collective

bargaining. For example, the Trade Unions (Amendment) Act, 2005 is a significant factor in the collective bargaining process in Nigeria. The act has propelled Nigeria towards creating and sustaining the pluralistic social democratic approach to collective bargaining (Black, 2005).

As evident with the current evolving employer/employee industrial relations in Nigeria, the application of the principles of social democracy in resolving industrial relationships difference is far from being cordial. Not too long, the Nigerian nation witnessed almost six months industrial dispute between the Federal Government of Nigeria and the Academic Staff Union of University (ASUU). Still on ground is the concurrent industrial dispute between the Federal Government and Medical Doctors, Lecturers of Polytechnics and Colleges of Education. This unending industrial relations dispute often arises due to the inability of concern parties to effectively utilise the principles of social democracy to effectively resolve industrial relationship challenges that could serve as barrier to attaining industrial harmony. Therefore, in this context, this paper determines the implications of social democracy on employees' industrial relations in Nigeria.

STATEMENT OF THE PROBLEM

The application of the principle of social democracy on employees' industrial relations in Nigeria is characterised with the interplay of mistrust, acrimony, propaganda and consistent industrial dispute and disharmony. This has often led to lack of commitment and low productivity which is a disadvantage to national growth and development. This development calls for concern and requires pragmatic intervention if Nigeria is to be a competitive economy by the year 2020.

Applying Principles of Social Democracy in Organisations

Today, in contemporary work environment, the import of social democratic principles in the day to day management of organisations is regarded as the best stimulus to ensure the attainment of industrial harmony and organisational survival. This experience is expressly felt through the mechanisms of representative government. Thus, employee's affairs are coordinated through unionism and cooperative concern. This effort is often attained through electioneering processes. This system, referred to as representative democracy, has been the dominant one in the West for the last two hundred years and is now being exported across the world and is being promoted as the only possible alternative to successful check and balance. It is these strong models that have produced the best results in resolving experienced crisis in industrial relations arising from mistrust and communication breakdown (Smith, 2009).

The social democratic conception of democracy views institutions as a means to offset the natural power of concentrated wealth that accrues in capitalist economies. While libertarians prize liberty over equality, social democrats espouse the opposite. Following Karl Polanyi and other social democratic theorists, for example, Fritz Scharpf argues that the most important element in a democratic policy is to maintain the balance between market liberalization and social protection. In this view, international institutions lack democratic legitimacy to the extent that they bias policy-making in a neoliberal direction and fail to promote the necessary social protection to offset the expansion of markets and the concentration of wealth (Moravcsik, 2004).

The capacity and willingness to identify, select, adopt, adapt, implement, and commercialize inventions and innovations, through the effective guide of social democratic principles whether technological, social or organizational, are the main engines of productivity gains, economic growth and improvements in social well-being. Such capacity and willingness are found rooted in individual attitudes towards change as well as in social, organizational, and political institutions' attitudes towards flexibility, dependability and reliability. Also, there is significant pressure being exerted on social democratic societies and their institutions to adapt to a more competitive political, economic, social and cultural environment while, at the same time, preserving the nature of their social democratic principles that has conditioned their economic performances and characterized their high quality of life (Marcel, 2009). These performances have been, by historical standards, very high for well over half a century. At the centre of the current questioning lies the legal, political and social interfaces and interactions between the public sector as a whole and other stakeholders involved in making social democratic societies strong and innovative ones, societies in which justice, equity and entrepreneurship are valued principles (Marcel, 2009).

Therefore, it is of note that the application of social democratic principles in institutions has been able to achieve a high level of human and social development first and foremost because of their high performance in achieving significant economic growth rates for sustained periods of time, the sine qua non condition of broadly distributed improvements in living standards. The main factor underlying economic growth is the quality of institutions and organizations and their capacity to reach an efficient allocation of resources and to both coordinate and motivate individuals to contribute maximally to the well-being of all. The quality of institutions and organizations, including the resource allocation mechanisms and the incentive schemes,

transcends the importance of other factors of growth, such as human capital, technological change and innovations. This occurs because the quality of institutions and organizations fundamentally determines the development of the other factors of growth. However, many of the problems institutions are facing in implementing social democratic principles today are due to the fact that those institutions and organizations that have characterized their social democratic core have aged and lost their original efficiency and effectiveness (Marcel, 2009).

Within institutional structures, the application of social democratic ideas has in no small measure helped enlightened the workers; they have become well-educated, highly-skilled with significant entrepreneurial capabilities. They have also reached a high level of tolerance for diversity, not regarding fundamental principles and objectives (justice, equity, inclusion, efficiency, effectiveness), but regarding the different ways and means by which those principles and objectives may be achieved or met in practice in different contexts. Hence, competition and modularity in the production, distribution and delivery of public and social goods and services become possible and desirable. The efficient and effective ways and means by which the public and social goods and services will or should be provided in the future, will be different from the efficient and effective ways and means by which they were produced and delivered in the past. Increasingly effective production, distribution and delivery processes are now available or possible due to significant changes in education as well as in production and information and communications technologies (Marcel, 2009).

Furthermore, social democratic ideology really has two parts: values and social theory. The concept of “values” summarises the ideas of which values should form the basis of social life and social development. The concept of “social theory” covers the thoughts on which mechanisms control social development and what therefore needs to be influenced in order to build a society that realises these values. The fundamental values of social democracy were originally summarised by the slogans of the French Revolution: freedom, equality, brotherhood. In the spirit of gender equality, the word brotherhood was later replaced with the word solidarity. The three concepts can in turn be summarised by the word “democracy”, as real democracy assumes and creates freedom, equality and solidarity at the same time. The view of the importance of work can be seen as bordering between values and social theory. In social democracy, work by people is the central factor for production and with that for economic growth, as it is the work of people that puts all other production factors – raw materials, technology, and money – to work. At the same time,

work – and with it the right to work – is seen as important to the life and development of the individual, not just in a material but also in a personal and social sense (Carlsson & Lindgren, 2007).

However, in the social democratic analysis of society, the conflict of interests between capital and work plays a central role. The conflict concerns both the issue of the conditions in working life and the distribution of the production results. It inevitably follows from the different conditions in working life and in that sense it cannot be overcome, but as the relations of power are more or less even, it can act as a dynamic factor for economic growth. Another basic concept is the materialistic view of history. In more classic socialist language, this is usually expressed as “the organisation of the productive forces determines the social superstructure. This can be translated as the conditions of the economy and working life are decisive to the way society looks and that changes in the economy and working life also have consequences for the social structure” (Carlsson & Lindgren, 2007).

In reality, unless the individual worker possesses highly specialised knowledge and skills, he/she is always in a subordinate position to the employer. Trade unions are the means for creating more equal conditions, but the lack of understanding by the right-wing of this actual difference in freedom between the employer and individual employee still characterises its view of trade union activity. It is seen as restricting freedom, even though a quick glance back in history or a simple look at the world shows that the conditions for workers are always at their worst when there are no trade unions, and they are always better as the power of the trade unions increases. Trade unions are a clear example of the way individual freedom must be based on collective action. In other words, the fight for freedom is sometimes about the distribution of freedom between groups. Industrial action by trade unions against employers who refuse to sign collective agreements must be seen against this background: it is not just about the conditions in private companies, but also about the distribution of freedom between the collective of workers and the collective of employers (Carlsson & Lindgren, 2007).

Dynamics of Industrial Relations

The main dynamics of employer/employee industrial relations is the relationship among actors. These actors are employers and managers, workers and trade unions and the state. However, the key industrial relations processes are collective bargaining and arrangements that facilitate employee participation and involvement, such as joint consultation. Informal expectations and understandings also play a major role in industrial relations. In terms of outcomes, industrial relations is not just concerned with improvements in

organisational efficiency; it is also marked by a focus on the implications for workers, notably the extent to which they experience fair and equitable treatment at work and the degree to which they can influence decision-making in organisations (Heery & Simms, 2008).

Fajana (2006) opines that industrial relations practice is concerned with the systematic fostering of employer/employees relationship. It is centred on concerted issues that affect the relationship between employees and employers. Fajana (2006) further states that the whole idea of industrial relations emerged to manage incessant conflict between employers of labour and their workers. Thus, it is established to pave way for an operational understanding through utilising the mechanism of dialogue, compromise and collective bargaining. In the course of everyday interaction, each of the parties, whether in the broader tripartite set up in industrial relations system itself, or bipartite nature of enterprise industrial relations has its own objectives which tend to guide its role. The objectives of the parties are sometimes congruent and at other times incongruent with one another. In spite of the strong desire or compelling necessity to work harmoniously, there is nevertheless latent antagonism or conflict among the parties. For instance, a worker may seek more favourable terms and conditions of work; a trade union may want to secure maximum benefits for its members; employers may seem always poised to achieve minimum costs and maximum profits while government and its regulatory agencies on the other hand may adopt socio-economic objectives and policies to which the other two parties may consider undesirable or find unpalatable (Anyim, 2009).

However, it is generally believed that an industrial relations system is derived from a particular political, economic and legal context within which it exists. These contextual influences play prominent role in shaping the direction of industrial relations (Anyim, 2010). From the foregoing, industrial relations is therefore a complex of relationships in which many individuals, organizations and other variables or elements, have a role to play and the role of any one party or organization is affected by the role of the other. Defining employment relations involves a range of complex patterns of interactions between different work-related groups such as trade unions and employers at organisational level, and the state and its agencies in the regional as well as the national levels (Rose, 2004). Blyton and Turnbull (2004) suggest that employment relations portrays the distinctive characteristics of all employment relationships either individual relationships or collective relationships. However, They contend that understanding employment relations involves locating it within the broader nature of the economic activity involved and also taking into consideration

the structural basis of the probable conflict and accommodation between employee and employer; the persuasion as well as the manipulation of the larger society on employment relations is also important. In essence, “the nature of employment relations in any organisation should be seen in relation to wider socio-economic, political and legal structure” (Debrah and Mmieh, 2009).

Also, Blyton and Turnbull (2004) suggest that the current increase in the use of the term “employee relations” could be because of the disintegration “of industrial relations system and the urgent need to recast the field more broadly to include the formal and informal processes of people management in the workplace” (Debrah and Mmieh, 2009:15).

This disintegration of industrial relations was as a result of among other things the changes in the recent organisational environment as well as probably a reaction to the theoretical critique of the discipline (Edwards, 1995; Ackers and Wilkinson, 2003). The critique pointed out that the term “employee relations” is more frequently used in the literature and in most cases used interchangeably with HRM; but the term “employment relations” is better (Edwards, 2003). Employment relations are therefore not only involved in the deployment or utilisation of human resources but also in the experience as well as the expectations of labour in the workplace along with the wider society. It involves the formations and implementation of policies which include activities that are intended at enhancing the working lives of the employees; which include the strategies to enhance the competitiveness of the organisation (Blyton and Turnbull, 2004).

Other values that inform employee industrial relations include ideas of work as a source of dignity (workers should not be treated as commodities), a fair days pay and a living wage (to facilitate participation in society and the dignity of family life), solidarity or social cohesion (the pursuit of a good society for its own sake and not simply for the achievement of economic benefits) and employee voice and the right to participate in decisions affecting one’s work activities (Osterman, Kochan, Locke & Piore, 2001).

Nigeria Industrial Relations Practice

Industrial relations practice in Nigeria has being in existence long before the arrival of colonial masters. This is evident in the relationship that expressly exists in Nigerian agrarian society between father and children, masters and servants in agricultural farming practise. For example, young men of same age grade organised cooperative farming where they interchangeably render service such as bush clearing, land cultivating and crop harvesting for each other. This pattern of relationship takes into account the advantage of number to facilitate farming gain. In

that era there were initially no laws regulating industrial relations practice. Hence, the workers were at the mercy of their employers. Even, in the public sector that was under the colonial masters, the situation was not different. The colonial administrators did not treat African workers fairly. Workers were prevented from active trade unionism, while those that were formed were not recognized. Despite lack of recognition by the government and employers, workers formed unions during this period. One of the characteristic features of this developmental phase was that unions became recognised and could operate openly without any harassment, molestation and intimidation by government operatives. Despite the recognition and permission for the formation of trade unions, workers were still not treated fairly especially in the private sector. Workers continued to face hardships and difficulties because unions were too weak to put pressure on government to alleviate the suffering of the workers. This was because most union leaders lacked the required experience, education and exposure in the organisation and administration of trade unions. A large number of the union members were illiterates with very little knowledge about modern trade unionism (Omole, 1991).

However, after the outbreak of the civil war in 1967-1970 the Nigeria Government embarked on a policy of limited intervention because it wanted the growth of industrial democracy and to continue to guarantee the freedom of association. Furthermore, in this phase, government's intervention became more pronounced than before. Various decrees were promulgated to establish the rules of the game and to consolidate the new government's stand in industrial relations. The main objective of government action was to maintain industrial peace and harmony by banning strikes and lock-outs and also to make provision for disputes settlement during the war. The government further amended the decree with the Trade Disputes (Emergency Provision Amendment Decree No. 53 of 1969) (Omole, 1991).

Furthermore, Omole (1991) stated that the decree established an Industrial Arbitration Tribunal whose decision on trade dispute was final, but the banning of strikes and lock-outs were retained in the amendment. It equally stated that the approval of the Federal Military Government must be sought before any wage increase could be implemented by any employer of labour in the country. In 1973, a Trade Decree No. 31 was enacted by the Federal Military Government to regulate the process of registration of trade unions. The new approach was a clear departure from the old order. The registration of trade union was to be effected compulsorily by all employers of labour. The main goal of this decree was the general provision for protection of wages and contract of appointment. A common feature in this phase was the

proliferation of trade unions and the Central Labour Organisation (CLO) in the country. This proliferation was very problematic in the history of industrial relations practice in Nigeria. According to Omole (1991), by the end of this phase in 1970's, about 1000 trade unions and five Central Labour Organisations had emerged in the country.

In 1996, another Trade Unions (Amendment) Decree 4 was enacted to restructure the affiliates of the Nigerian Labour Congress (NLC). This reduced the number to twenty-nine while Decree 22 structured the trade unions along industrial line (Fajana, 2002). One of the main clauses of the 1996 Amendment Act was to identify the Nigerian Labour Congress as the only central labour organisation. The Decree allowed for ten percent of all monies to be remitted to the central labour organisation. The responsibilities imposed on the Nigeria Labour Congress by the 1996 Act are as follows:

1. To represent the general interest of its members on any international advisory body set up by the government of the federation;
2. Collection and dissemination to its members, information and advice on economic and social matters;
3. Render advice, encouragement and financial assistance to members.
4. Promote the education of members of trade unions in the field of labour relations and related field; and
5. To render any other assistance as provided for in the articles of affiliation (Egbewole, 2005).

CONCLUSION

Industrial relations is often characterised by conflict of worker and employers interest which may result in industrial disputes. Equally, there is no assumption of equality of interests since workers typically are in a subordinate position within the employment relationship and are subject to repeated challenges by employers as they try to redefine and realign workers interest with corporate goals. These suggest the fact that industrial relation is an authority relationship between superordinate and subordinate where the employee agrees to accept and follow the reasonable instructions of those in positions of authority.

RECOMMENDATIONS

Industrial relations should be practiced in a dynamic and open-ended way by stakeholders in such a way that every individual's rights are respected in relation to job content and work effort.

Employers of labour and employees should use the principles of social democracy to improve the terms of employment, achieve industrial democracy and job security.

The principles of social democracy should be effectively utilised to help resolve disputes between members of organisations and their employers as this will help improve the economic and social condition of workers and work environment.

LIMITATION OF THE STUDY

This study examined the implications of social democracy on employees' industrial relations in Nigeria. Thus, it only focus on issues that has paramount impact on the bidirectional relationship between employer/employee.

REFERENCES

- Ackers, P., & Williamson, A. (eds.) (2003), „Understanding Work and Employment Industrial Relations in Transition“, Oxford University Press.
- Anyim, F.C. (2010). Industrial Relations Practice in Nigeria” Paper Presented at Workshop Organized by NUSDE in Lagos, Nigeria Pg. 7.
- Anyim, F.C. (2009). “A Critique of Trade Disputes Settlement Mechanism in Nigeria: 1968 to 2004” Unpublished Ph.D Thesis, University of Lagos, Nigeria.
- Black, B. (2005) Comparative Industrial Relations Theory: The Role of National Culture, *The International Journal of Human Resource Management*, 16 (7), pp.1137–1158.
- Blyton, P and Turnbull P, (2004), „The Dynamics of Employee Relations“, Basingstroke: Macmillan.
- Carlsson, I & Lindgren, A (2007). What is Social Democracy? A book about ideas and challenges Published by Arbetarrörelsens Tankesmedja and the publishing house **Idé** och Tendens Barnhusgatan 16, 3 tr S-111 23 Stockholm Sweden.
- Debrah, Y. A. & Mmieh, F. (2009), „Employment relations in small-and medium-sized enterprises: insights from Ghana“, *The International Journal of Human Resource Management*, 20(7):1554-1575.
- Edwards, P. (1995), „The employment relationship“, in Edwards, P. (ed.) *Industrial Relations: Theory and Practice in Britain*“, Oxford, Blackwell.
- Edwards, P. (2003), „Employment Relationship and the field of industrial relations“, in Edwards, P.(2003) *„Industrial Relations: Theory and Practice“*, (2nd ed.) Oxford, Blackwell : 39-65.
- Egbewole W. O. (2005). An Overview of the Trade Unions (Amendment Act. 2005) A Paper Presented at a Workshop for the Steel and Engineering Workers Union of Nigeria (SEWUN) Ilorin (Between August, 17th and 19th 2005).
- Fajana, S. (2006). *Industrial Relations in Nigeria: Theory and Features*, Lagos, Labofin and Coy Pg. 3.
- Fajana, S. (2002). *Industrial Relations in Nigeria. Theory and Features*, Labofin and Company, Lagos.
- Federal Republic of Nigeria (1996). The Trade Unions (Amendment) Decree No. 4 of 1996. Lagos, Ministry of Information and Culture.
- Heery, E & Simms, M. (2008) Constraints on union organising in the United Kingdom: *Industrial Relations Journal*, 39/1: 24-24.
- Koch, K. & Opute, J. (2008) Emerging Forms of Employee Participation in Transformation Economies - The Influence of European Models in Nigeria, Joint Paper Presented at Manchester Conference, *8th International Industrial Relations Association European Regional Congress*, Manchester, unpublished paper.
- Marcel, B. (2009). Manifesto for a Competitive Social Democracy http://www2.cirano.qc.ca/~boyerm/20090414_MBO_YER_Manifesto_en.pdf Accessed on 20/12/2013.
- Moravcsik, A. (2004). Is there a ‘Democratic Deficit’ in World Politics? A Framework for Analysis: Published by Blackwell Publishing, 9600 Garsington Road, Oxford OX4 2DQ, UK and 350 Main Street, Malden, MA 02148, USA.
- Omole, M.A.L. (1991). Understanding State Intervention in the Nigeria Labour Movement *African Journal of Labour Studies* Vol. 2 Nos 1& 2, Department of Adult Education, University of Ibadan, Ibadan.
- Opute, J. (2011). Sustainability of Collective Bargaining in the Formal Economy of Nigeria: 6th IIRA African Regional Congress of Industrial Relations, Lagos Nigeria, Jan. 24-28, 2011
- Rose, Ed (2004), „Employment Relations“, Prentice Hall.
- Osterman, P., Kochan, T. A., Locke, R. M. & Piore, M. J. (2001). *Working in America: A Blueprint for the New Labour Market*, Cambridge, Mass: MIT Press.
- Sejersted, A., Daly, F, & Richard, M., (2011). *The Age of Social Democracy: Norway and Sweden in the Twentieth Century*. Princeton University Press.
- Smith, G. (2009). *Democratic Innovations: Designing Institutions for Citizen Participation*, New York: Cambridge University Press, p. 43**