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Manpower mobility and the flexibility of labour market under the Nigeria's structural adjustment programme 1986-1996

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MANPOWER MOBILITY AND THE FLEXIBILITY OF LABOUR MARKET UNDER THE NIGERIA'S STRUCTURAL ADJUSTMENT PROGRAMME (1986-1996)

BY

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DEDICATION

This thesis is dedicated to The Almighty God, who made my course of study for this Ph.D. programme a reality.

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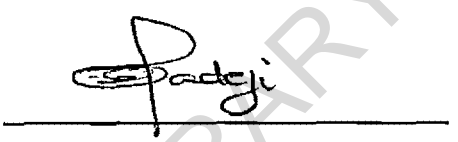
A.A. ADEBAYO

CERTIFICATION BY SUPERVISOR

I certify that this work was carried out by Mr. Abayomi Ayinla ADEBAYO under my supervision in the Department of Economics in partial fulfilment of the requirements for the award of the degree of Doctor of Philosophy (Ph.D.) in Economics, Obafemi Awolowo University, Ile-Ife, Nigeria.



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ABSTRACT

The study examines the functioning of the Nigerian labour market. This is done by analysing the profile of manpower mobility.The specific objectives of the study are to: provide detailed account of the developments in the Nigerian labour market during the adjustment period; analyse labour turnover in some selected manufacturing establishment in Nigeria;examine the profile of manpower mobility with reference to its extent, forms and determinants in Nigeria; and draw the implications of the observed manpower mobility on the extent of labour market flexibility in the country.

Approached from the side of labour market inflexibility thesis, the study was guided by two basic hypotheses: that there existed a restricted labour mobility in Nigeria's labour market; and that wages exercised no significant influence on labour mobility. For this purpose, secondary and primary data were used. The secondary data were collected from the publications of the Federal Offices of Statistics and the Central Bank of Nigeria. Two sets of questionnaires were used to elicit desired information from employees and firms in the selected manufacturing industries. Lagos and Kaduna were chosen as survey locations because of the high concentration of manufacturing activities. Apart from the use of summary statistics, stepwise regression technique was used to analyse the determinants of job-tenure model as an indirect measure of mobility.

The results from the study indicated that there were structural and institutional constraints in the Nigerian Labour market, taking the forms of wages and employment control and geographical restriction to mobility. Also, job-tenure and turnover rates among manufacturing workers were found to be longer and low respectively, indicating

low manpower mobility. The stepwise regression analyses conducted on job tenure model showed that in terms of mobility, wage was not a factor that exercised strong influence. The cumulative evidence from the findings is that the country's labour market is yet to show significant flexibility, especially in the neo-classical sense. The indicated inflexibility points to the inefficient functioning of the market.

Therefore, the study recommends the need to reform the labour market. Specifically, it suggests reduction in government overbearing attitude in the market, especially in the areas of wages and employment legislation. In addition, the study recommends the removal of discriminatory practices against non-indigene at states and local government levels in the country to enhance labour mobility. There is also the need to create an enabling economic environment for manufacturing firms with a view to increasing employment opportunities and productivity through the provision of improved infrastructural facilities and introduction of tax incentives.

CHAPTER ONE

GENERAL INTRODUCTION

1.1 Introduction

The last three decades in Nigeria have witnessed manpower imbalances. In the 1960s it was a case of manpower shortage of critical skills, and in 1970s, there was the school leavers' unemployment problem affecting those with primary education and later secondary school leavers. By the turn of 1970s, the educated unemployment phenomenon had become visible, affecting post secondary graduates, especially in the southern part of Nigeria. Thus, the Nigerian labour market has incontrovertibly deteriorated in performance. According to Fasoyin (1994) the unemployment rates which was put at 4.4% in 1980 rose to 10% in 1986 and to about 15% in 1992. Quantitatively, Umo (1990) observed that between two and three million workers were affected by unemployment in the late 1980s.

In terms of causes of the unemployment, the problem has been traced to such things as rapid population growth, rapid expansion of educational institutions, including the proliferation of the universities, adoption of inappropriate production techniques, rationalization policies occasioned by Structural Adjustment Programme (SAP) and the consequences of rapid urbanization. However, unemployment at any point in time must be seen as part of a system that is in disequilibrium and non-stationary. It must be analysed not merely in terms of the forces making for disequilibrium but also in terms of those governing the path towards equilibrium: the costs and institutional factors governing the speed with which workers adjust their labour supply and firms can adjust actually to desired employment levels [Joll C. et al, 1983]. Not quite appreciated in previous studies is the issue

of structural rigidity in the country's labour market. As in most developing economies, the main impediments to higher output and employment levels are structural and institutional constraints (see Todaro, 1985).

From the foregoing, the functioning of the labour market is brought into focus. The market has remained under control despite the liberalization of most other markets. For instance, Oladeji (1993) points to the attempt at applying the neoclassical remedy to Nigeria's Labour market in 1987, when government decided to terminate the minimum wage legislation. The expectation was that wages would fall and medium and small-scale enterprises would employ more low skill workers and consequently reduce unemployment. Resistance from labour unions, however, led to the reversal of the decision, thereby keeping wages sticky downward. Yet, the performance of labour market has serious bearing on how the costs and benefits of adjustment are distributed across society. Also, the labour market determines to a large extent the way the entire economic system will respond to policy changes, and shows whether the adjustment process will be socially and politically sustainable. Therefore, the issue of appropriateness of government interference in this market is very critical, because the extent to which the labour markets are allowed to determine wages is important for the role, the markets are expected to play in the adjustment process [Kwanashie, 1993].

1.2 Research Problem

The introduction of structural adjustment programme in Nigeria since 1986 is an attempt to shift from the extensive state control to a market-oriented economy. The programme aims at reforming policies and institutions so as to make them more efficient, improve resource allocation, expand growth potential; and enhance resilience to future shocks, such as adverse shifts in the terms of trade [Hollister Jr. and Godstien, 1994]. With regard to labour market, Standing (1991) argues that the structural adjustment programme seeks to decentralize wage bargaining to the individual worker-employer level, and remove or erode minimum wage machinery so that wages will fall and quasi-voluntarily unemployed queuing for formal sector job will filter back into available informal sector jobs.

However, from all indications the motivation for the adjustment programme in Nigeria cannot be said to derive in particular from labour market consideration at least going by the core policies of Nigeria's SAP. Nevertheless, the implementation of these policies have implication for labour market operation in the country. However, relatively little attention has been paid to the operation of the market. Studies of economic development have been concerned with how adjustment policies have influenced or may influence accumulation of capital, the pattern of investment in physical and human capital and the nature of international trade. Labour markets play a very crucial role in determining macroeconomic success of adjustment policies and in mediating the impact of these policies on the population's standards of living, thus, it deserves attention [Horton, Kanbur and Mazumbar, 1994].

Under the structural adjustment programme, shifts are sought toward the tradable sector and away from the non tradable, with shifts in relative real wages playing the role of encouraging manpower mobility across sectors. The central issue is whether labour markets operate to facilitate these shifts or to constrain and impede them [Hollister Jr. and Goldstein, 1994]. In the literature, the main impediments to labour markets operation are structural and institutional constraints. Perhaps most relevant constraints in Nigeria are first, trade unions and government policies. These operate in forms of legislated conditions of work, bargaining process in some sectors and states, and even direct wage setting, as with minimum wage: and second, social and political constraints on location or type of work permitted for various groups or citizens within the nation. All these exemplify a malfunctioning or distorted labour market system in the neoclassical sense. Within this framework, the labour market problem is not unconnected with the continuous manifestation of structural unemployment in the Nigerian economy. Structural unemployment in this case takes the forms of mismatch of skills, geographical mismatch and institutional rigidities.

A corrective approach that flows from this is perhaps the neoclassical prescription of labour market flexibility which is consistent with the orthodox adjustment programme. In the programme, a smooth functioning and flexible labour market will allow the shift of labour from non-tradables into tradables with appropriate signaling [Fallon and Riveros, 1989]. However, the major obstacles to this functioning as Hollister and Goldstein (1994) has pointed out are rigidity in real wages and manpower immobility in developing economies. These two factors are a reflection of labour market inflexibility.

With regard to Nigeria, the state of labour market flexibility remains an issue for empirical verification. A priori, the potency of the neoclassical prescription lies in such things as manpower mobility, efficient employment information system, nominal and real wage flexibility, removal of minimum wage machinery and increasing wage differentials. Of these, manpower mobility is most central. For instance, manpower mobility is facilitated in situation of flexible wage and efficient employment information system. Within the adjustment programme, however, manpower mobility and wage flexibility are usually assumed.

Based on the foregoing, the subject matter of this study is the phenomenon of manpower mobility as it relates to the functioning of the labour market. Questions for probing are: What is the nature and dimension of manpower mobility? What are the determinants and the implications of all these on the extent of Labour market flexibility in Nigeria? These are to be examined against the backdrop of the adjustment programme.

1.3 Justification for the Study

The concern with manpower mobility and the flexibility of labour market during adjustment in Nigeria derives from a number of considerations. First, the labour market is a mechanism for matching the labour supply and demand in an economy. It plays a very important role in determining the macroeconomic success of adjustment policies. Central to this role is manpower mobility. However, structural adjustment programme has far-reaching implications and is replete with a lot of challenges on manpower mobility across jobs, occupations, industries and geographical areas. This is because in the process of adjustment

in an economy, contraction and expansion of some industries, labour-skill categories occur in varying dimension. This results in disequilibrium with excess labour supply in contracting sectors while there is excess demand for labour in growing sectors. Labour resources are expected to move from declining sector into expanding ones in response to economic incentives [Levacic and Rebmann, 1983]. The possibility, time span and sufficiency of the manpower movement will determine the completeness of the adjustment process in the labour market. It also has implication on wage rate pattern and employment level. While any individual labour market may be small, the outcomes in the labour market as a whole can influence macroeconomic conditions in the economy. Since the outcomes determine the payment to labour, they also affect the distribution of income in the economy. Therefore, a careful study of the operation of labour market is an important part of understanding how the development process unfolds and affects most of the population (Hollister and Goldstein, 1994).

Second, adjustment has become inevitable in the face of structural imbalances in Nigeria. Indeed, adjustment should be part and parcel of the development process. Nevertheless, the applicability or otherwise of the policy instruments in relation to the unique characteristics of Nigerian economy require verification. The position in the literature on Nigeria is that the adjustment in its present form has undermined human situation [see Adedeji et al (1990); Ekpo (1992); and Oladeji and Adebayo (1996)]. The labour market implication of the structural adjustment programme deserves investigation to see what labour policies are required in a period of widespread retrenchment in the public sector. This

becomes imperative given the present condition of growing unemployment, attributable to structural problems in the labour market .

Third, the need for intervention at certain points in the labour market has long been recognized. However in recent years, emphasis has shifted towards using more wide-ranging policies designed to improve the functioning of the labour market [Mackay et al, 1971]. If such intervention is necessary and is to be effective in Nigeria, it must be based on a good understanding of the country's labour market operation. This understanding will help in identifying strategic points of intervention that would smooth the adjustment process.

According to Freeman (1992), government's view on how labour market intervention affects well-being has policy implications. If government believes that interventions reduce growth and hamper adjustment, it will pursue elimination of intervention as a condition for adjustment loans in the process of deregulating labour markets. On the other hand, if government believes that interventions improve well-being, it is most likely that government will encourage unionism and collective bargaining under ILO conventions, and to regulate market outcomes and adhere to labour standards. Therefore, certain specific studies are necessary first step towards making clear generalization that take account of unique characteristics that allow some interventions and institutions to work in some places but not in others, and thus to draw lesson across country.

Fourth, Olison (1982) offered evidence linking indicators of institutional rigidities to unemployment rates and growth of per capita income in industrial countries. However, evidence is needed for developing countries. In consciousness of the importance of infrastructure and investment in education on growth, we need to examine how these

interventions fare in the new economic environment of stabilization and adjustment programmes. Fifthly, to take advantage of the opportunities for growth in an economy some degree of flexibility is necessary in the labour market for those who work to adjust. In this view, a good manpower planning that seeks to prevent shortages and surpluses of manpower resources, should centre on the adjustment necessary to adapt labour resources to changing job requirements [Lester, 1966]. Therefore, in the interest of both long-range and immediate manpower planning need, we turn with deepened concern to investigate the fact about why, when and how Nigerians move jobwise in the labour market under adjustment programme.

Lastly, since 1986 when SAP was introduced in Nigeria, to the best of our knowledge, no attempt has been made to empirically investigate labour mobility and the flexibility of labour market. Hence policy makers and politicians have remained uninformed about the labour consequence of adjustment policies.

It is hoped that the research information from our study will enhance existing knowledge by putting in proper perspective the labour market problem in contemporary Nigeria; showing what is being asked of the labour market under the market-oriented philosophy of SAP; providing an empirical assessment of the extent of labour mobility and labour market flexibility in Nigeria. In the light of such insight, the study attempt to determine the relevance and applicability of the adjustment policy, if relied upon to address the labour market problem in Nigeria. Beside it is expected to serve in enriching intellectual discourse on the current adjustment process, particularly on the issue of employment consequences.

1.4 Objectives of the Study

The main aim of this study is to examine manpower mobility in contemporary Nigeria and the implication it has for labour market flexibility. Specifically, the objectives of the study are to:

(I) provide a detailed account of the developments in the Nigerian labour market during the adjustment period with reference to: the structure of Nigerian labour market; the nature and dimension of unemployment problem; and the industrial relation atmosphere;

(ii) Analyse labour turnover in some selected manufacturing establishment in Nigeria;

(iii) examine the profile of manpower mobility with reference to its extent, forms and determinants in Nigeria; and

(iv) draw the implications of the observed manpower mobility on the extent of labour market flexibility in the country.

1.5 Research Hypotheses

Approached from the side of labour market inflexibility thesis, we were guided by the following hypothesis for empirical verification:

(i) There exists a restricted labour mobility in the Nigeria's labour market.

(ii) Wages exercise no significant influence on labour turnover (or labour mobility).

1.6 Organization of Thesis

The thesis is divided into seven chapters. The first chapter introduces the subject matter and formulates the research objectives. In the second chapter, the review of literature on the labour market and the relevance of its flexibility under adjustment is carried out.

Chapter three describes the theoretical framework and technique adopted in the multifaceted analysis made .

A macro based analysis of the structure and condition of the Nigerian labour market is conducted in chapter four using secondary data. This is followed by empirical analysis of the nature of labour mobility among manufacturing workers and its implication for employment condition in chapter five. In chapter six, the implication of manpower mobility for the flexibility of Nigerian labour market is econometrically analysed.

The major findings from the analysis are summarized in chapter seven, with policy proposals and conclusion.

CHAPTER TWO

LITERATURE REVIEW

2.1 Conceptual Issues

Economic literature is replete with various meanings of the labour market and some discussions on its allocative structure and wage determination process. The term "Labour Market" is used as a mechanism which meditates labour supply and demand in an economy. It implies that there is enough uniformity of behaviour among certain employees and employers to warrant generalizations about the actions of each as a group [Kerr, 1954]. However, in the structure less labour market, according to Kerr (1954), it is the market characterized by absence of unions with seniority and other rules; impersonal and transitory relation between the employees and employers; existence of unskilled workers; payment based on unit of product; and employment of little capital or machinery. Under these conditions, Kerr (1954) argued that institutional barriers to mobility of workers and to the fluidity of rates are non-existent. However, he added that, in reality, barriers to movement are set up by the skill gaps between occupations and the distance gaps between locations. Beyond these factors are impediments such as lack of knowledge, the job tastes of workers, their inertia and desire for security; and the personal predilection of employers. Thus, first, the labour market could be better conceived as a system, consisting of interrelated markets and sub-markets. The differentiation is among others on the basis of occupational, geographical and industrial coverage. From the geographical view, labour market is that area, within which workers seek employment and employer look for

potential employees. In the industrial perspective, labour market extends to the limits within which wage pattern are uniform [emphasis placed on the similarity of existing wages or salary pattern] in each industry [Heneman and Yoder, 1965].

Second, there is the dual labour market theory inspired by Doeringer and Piore (1971), which provides an interesting context within which the phenomena of urban poverty and unemployment could be explained. According to Addison and Siebert (1979), the formation of the dual labour market developed from an observed phenomenon in the American labour market. The labour market is said to be segmented into a primary and secondary sectors within which workers and employers operated based on markedly different behavioural rules. The primary segment is defined by Doeringer and Piore (1971) as one composed of jobs in large firms and unionized occupations with many of the following characteristics: high wages; good working conditions; employment stability; chance of advancements; equity and due process in the administration of work rule. The secondary labour market is described by Deoringer and Piore (1971) as having jobs which are less attractive compared to the conditions in primary sector, because they tend to involve low wages, poor working condition, considerable variation in employment, little chance of promotion, and often arbitrary management.

On the dualist thesis, Addison and Siebert (1979) argue that jobs are sufficiently available to absorb workers in the secondary sector but for the low paying, unstable and unattractive nature of it. Mobility of workers from secondary to primary sector is said to be impeded by institutional factors such as discrimination, labour union and scarcity of good jobs. They added that the provision of skills by education and training does not create

access to primary sector's good job because majority of the workers in the secondary sector already possess the human capital they need. Thus, the policy prescription of creating more good jobs is the central conclusion of the dual theory which is in conflict with standard neoclassical analysis.

Reports of empirical evidence in Addison and Siebert (1979), however, do not support a strict dualist division between primary and secondary sectors. Reported findings show that mobility exists between the two sectors and wage structure does not show evidence of bi-polarization. They also do not find evidence that the wage determination process and employment behaviour in the two sectors differ. Thus, the boundary drawn between primary and secondary sector is only arbitrary.

Third, there is the concept of internal and external labour market which provides a means of capturing structural factors in the unemployment problem. The internal labour market is an administrative unit such as a manufacturing plant, within which the pricing and allocation of labour is governed by a set of administrative rules and procedures. The major factors generating internal labour market are skill specifications; on-the-job training; and customary laws [Doeringer and Piore, 1971]. They argue further that the scope and structure of the internal labour market vary considerably among industries and occupations. The allocative structure in any internal labour market as explained by them reflects a compromise between management's concern with efficiency and worker's interests in enhancing job security and advancement opportunity. Pattern of entry and internal mobility are typically designed to capture natural on-the-job training sequences and

to reduce turnover costs. Priorities for internal movement combine ability and security in varying wages, and also according to training and retraining costs.

On wage determination within the internal market, Doeringer and Piore (1971) argued that wages were administratively determined either by the formal procedure of the job evaluation, community surveys, merit rating, and industrial engineering studies or through less highly structured procedures. These nonetheless appear to be similar in character and in effect. The study recognises that the competitive forces emphasized in neoclassical theory place certain constraints upon the wage structure, but, in general do not establish a unique wage rate for each job. Therefore, the internal labour market can be distinguished from the external labour market of the conventional economic theory in that first, while the latter is governed by administrative rules and procedures, the former is controlled by economic variables-demand, supply and wage movement. Second, movement between the two markets occur at certain job classification which constitutes ports of entry and exist to and from the internal labour market. However, the remainder of the jobs within the internal market are filled by the promotion or transfer of workers who have already gained entry. Thus, jobs in the internal market are shielded from the direct influences of competitive forces in the external market.

The concept of internal labour market gives explicit recognition to the fact that the aggregate labour market envisaged in the conventional theory is not a single market for homogenous labour but a complex of inter-related labour markets for different skills in different locations [Levacic and Rebmann, 1982]. Kerr (1954) sees the labour market as

the area defined occupationally, industrially and geographically within which workers can and are willing to move and do more comparatively freely from one job to another.

2.2 Unemployment Theories and the Labour Mobility

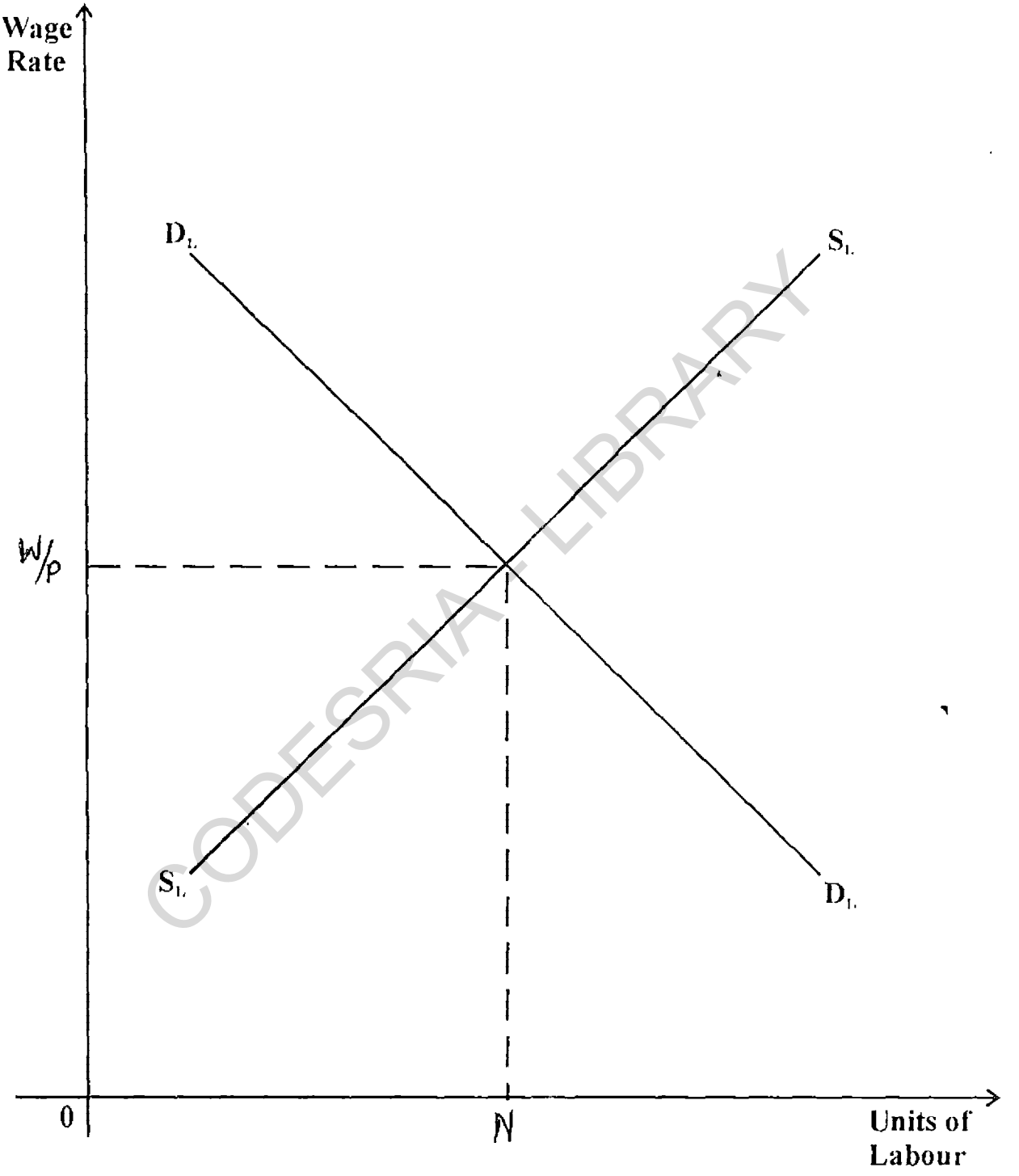
Generally, there are three competing unemployment theories: the Neoclassical; the Keynesian; and the New Microeconomic models. These theories are plausible explanation of variation in the level of employment/unemployment. They represent tentative assumptions or opinions about which principal forces or variables are believed to exert major influence in the time-to-time variation in demands for and supplies of labour and their balance or imbalance [Heneman and Yoder, 1965].

The Neoclassical theory of unemployment is closely linked with the writing of Pigou. It rests implicitly on the basic microeconomic formulation of Walras' general equilibrium model [Hughes and Perlman, 1984). In this theory, the equilibrium wage and the level of employment are determined by the intersection of the aggregate demand and supply of labour. Given the assumptions that money wages are flexible, downward wage adjustments act to eliminate any temporary imbalance in demand and supply conditions of labour as depicted on Figure 2.1.

The wage level, determined by the forces of demand and supply of labour, is w/p and the equilibrium level of employment is N. Thus, the classical theory relied on adjustment of the real wage through flexible money wages, to bring about full employment (Kreps, Soners and Perlman, 1974). Unemployment, according to this traditional model may arise from impediments that create imbalance or friction in these market processes.

According to Heneman and Yoder (1965) imbalance can occur through lack of accurate market information; market controls; wage inflexibility; and immobility of factors. As argued by these authors, there are three sides to the problem of inaccurate information flow: it may create a situation where unemployment and vacancies co-exist but potential employers and employees could not locate each other; it may cause more workers to enter a particular occupation than will be employed at the ruling price in the market: and ignorance may cause employees to expect too high wage on their services, thus, prolonging their time span of job-search.

FIGURE 2.1: Classical Labour Market Equilibrium



On the problem of market controls, they point to the possibility of employers agreeing among themselves on their maximum wages, or union of employees setting a minimum wage they will accept. Also identified is the negative effect of monopolistic and monopsonistic practices in the labour markets which may affect supplies, demands and wage and consequently influence unemployment.

Another source of imbalance from the viewpoint of traditional employment theory is immobility of labour across industries, areas and occupations. In support of the position that various interferences and impediments identified above are important factors causing unemployment in the labour market, Brozen (1958) states:

> "the unemployment we suffer and have suffered is a consequence of administered prices and wage rates... perhaps the community and employees must be taught that an employer who cut wage rates or fail to give a wage increase in times of declining business, is performing a social service and maintain employment by doing so"

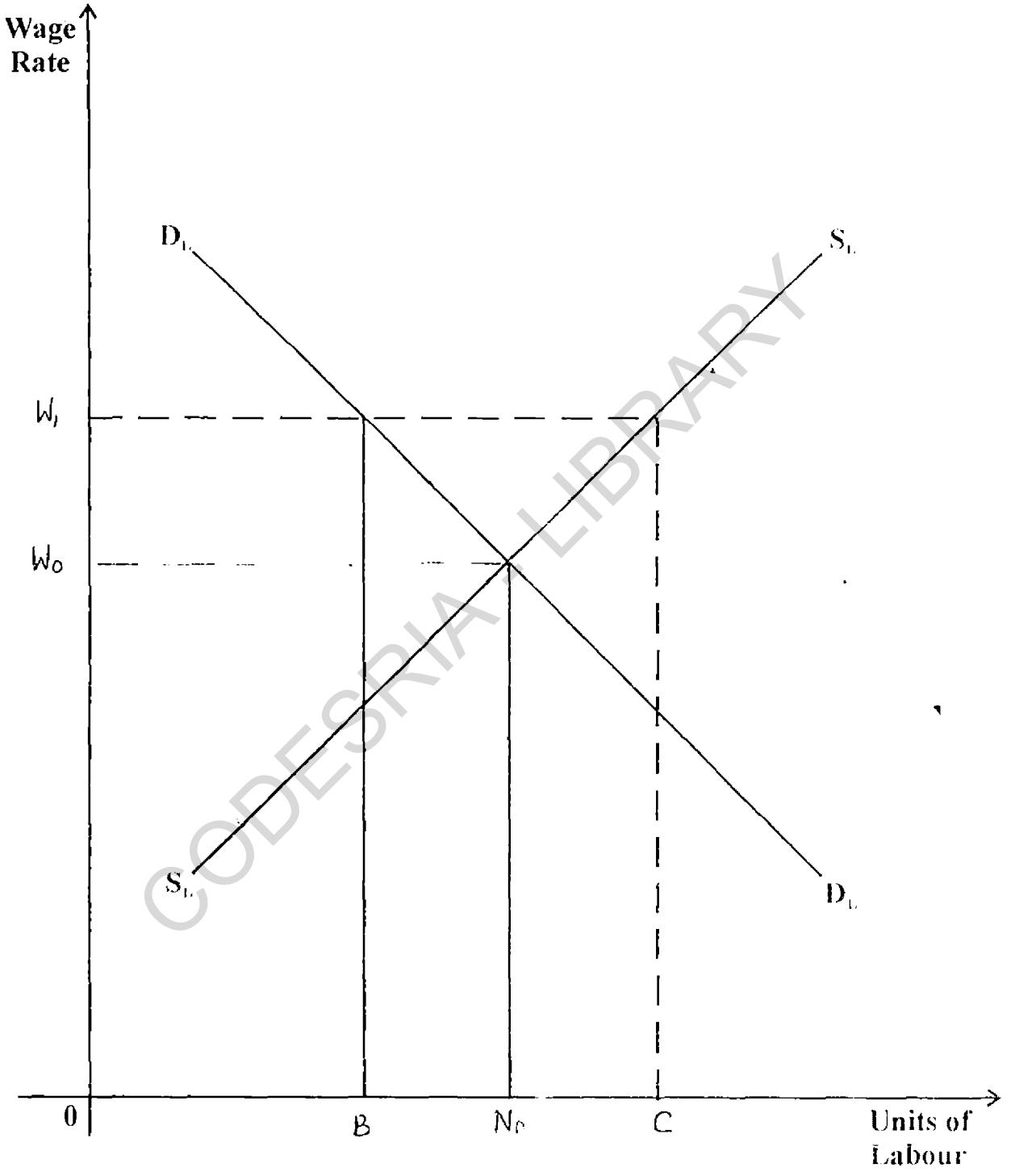
Brozen (1958) suggests escape clauses facilitating flexibility in long-term collective agreements and regulation of labour monopoly under antitrust rules.

However, John Maynard Keynes in the General theory of employment, interest and money published in 1936 challenged the usefulness of the traditional economic analysis and the relevance of public policies and programs that accepted its implications. Keynes considered the assumptions on which the classical theory is based as unrealistic. He reasoned that workers operate under a "money illusion" arguing that they measure their well-being in terms of wages. The growth of strong unions, which invariably resist money wage cuts for their members add to this downward rigidity (Kreps, Soners and Perlman, 1974).

According to Keynes, the level of employment and the real wage are both determined by the level of aggregate demand. Aggregate demand is a function of income, more specifically, disposable income. The demand for labour is derived; consumers seek the products of work rather than the work in and of itself. Hence, as total disposable income rises it puts pressures on both quantities of consumer goods and services and on the prices of these items. Pressures for goods create demand for added workers [Heneman and Yoder, 1965]. Thus, unemployment level rises and falls as does aggregate national income.

The unique feature of this theory is that the economic system is capable of experiencing a long period of unemployment without generating forces within itself to restore full employment (Hughes and Perlman, 1984). The operation of this model, when there is departure from full-employment aggregate demand is presented graphically in figure 2.2. If effective aggregate demand is deficient, it will cause reduction in the demand for labour. This in turn will raise the real wage from W_0 to W_1. At W_1 the level of employment is OB and unemployment at BC. The significant point here is that mere reduction in wage will not increase the employment level. The reduction in money wages in the absence of an increase in demand results in an equivalent reduction in prices. This unemployment level (BC) will persist until a rise in aggregate demand increases employment and lowers the real wages. In other words, to secure full employment, the Keynesian answer is to increase aggregate demand through monetary and fiscal policy measures. Kreps, Somer and Perlman (1974) point out that recovery from a deep depression, such as underway when Keynes wrote require an expansion in total demand. However, in recent times and more specifically in LDCs. there is more to employment than economic recession.

FIGURE 2:2: Keynesian Involuntary Unemployment



The third theory which has to be recognised is the microeconomic theory of unemployment. It perceives unemployment from the viewpoint of microeconomic disruptions and believes that it can only be cured by taking appropriate microeconomic adjustment measures. According to Sinclair (1987) the model is based on the assumptions that: job seeker maximize their lifetime income stream with a confident expectations of future job offer. Search for new job is impossible for the employed because cost of information collection is very high than when unemployed. There is a unique rate of interest prevailing given a perfect capital market and no unemployment benefit exist. Given these assumptions, the overall level of unemployment will be determined by three critical variables, namely, the difference in present pay and the expected future pay offer; the interval of time one remains unpaid to obtain the expected job; and the rate of interest, for the higher this rate, the more likely a job searcher will accept present job offer. By implication within the framework of this model, unemployment is simply a form of investment. The cost of unemployment is the earnings foregone to boost future income while the benefit is the discounted lifetime income that accrue from waiting for a better offer.

On the policy implication of this theory, Hughes and Perlman (1984) argue that the only feasible policy measure for a long run reduction in the natural rate of unemployment would be in the reduction of labour market imperfections and better information on job availability to reduce frictional and structural unemployment. While the economic rationality of investment search is being emphasized by its proponents, it has been subjected to various criticism which though forceful does not undermine it entirely. Hughes and McCormick (1985) have argued based on empirical evidences that employers

advertise for jobs in communication media accessible to both employed and unemployed. Job applications can be made by post and time off for job interviews can usually be arranged without difficulty. Beside this, labour force turnover statistics reveal that about one in eight workers changes employer in any year, and of these, as many as 85% are recruited directly from another job. Thus, the greater portion of job search is conducted by the employed rather than the unemployed. To the extent that this is so the unemployment rate is affected by job search utility maximization. However, as long as some workers trade employment for search opportunities, the theory holds.

Generally, this review of unemployment theories shows that the classical theory explains unemployment in terms of institutional market impediments, the Keynesian relates it to the deficiency in aggregate demand and the new micro economist attributes the problem to poor information flow on attainable wage rates. However, it must be remarked that the explanations of the macroeconomics theories are limited. Fourie (1989) argues that the theories concentrate on cyclical and voluntary unemployment while completely neglecting structural unemployment.

In Heneman and Yoder's (1965) work, structural unemployment has been described as that which is directly attributable to difficulties and delays in matching existing job opportunities with potential employees. They argue that it is a case of labour immobility in that structural factors concentrate unemployment among workers in particular areas, industries and occupations, while there exist jobs elsewhere or with different qualifications requirement. Standing (1986) defines structural unemployment as the quantitative mismatch of the demand for labour and supply of workers, arguing that it could exist at any level of depression. In line with this view, Casson (1983) adds that immobility of labour

exacerbates the structural problem in the labour market. The question with respect to Nigeria, therefore, is whether the unemployment situation has been complicated by immobility of labour.

2.3 Manpower Mobility and Labour Market Flexibility

Labour mobility has both micro and macro dimensions. At the macro level, Levacic and Rebmann (1982) point out that when structural changes occur in the economy, some industries, some labour categories and some region or states of a country decline while others expand. Under this circumstance, they argue, labour resources move from declining sectors into expanding ones in response to wage differentials. Thus, from this perspective, Yoder (1954) has defined labour mobility as the flexibility, adaptability and willingness of manpower resources to change locations, job assignments, occupation and industries. In this context, mobility is used synonymously with adaptability and it implies flexibility, adjustability and freedom of movement among labour markets.

The possibility, time span and sufficiency of manpower movement, according to Kerr (1954), have implication on the performance of the economy as a whole. On this Yoder (1954) argues that when manpower resources easily adapt and shift, the adjustment of labour force to changing employment opportunities is facilitated. This, according to the author, improves the utilization of manpower resources. If manpower is extremely mobile, and if inadequate or inaccurate job information is provided, change of jobs and locations may be misguided and wasteful. Under such circumstance, it will create some problems which affect the smooth working of the national economy. Therefore, in any economy, labour mobility which is neither too little nor too much and well informed is necessary for appropriate matching of employees to job requirements. Optimum mobility in the context

of neo-classical labour market theory, contributes to allocative efficiency by relocating labour resources away from lower-valued and towards high-valued employment.

On the forms of mobility in the literature, the most popularly recognized mobility is the one generally described as geographical mobility. This has been discussed by many authors in the analysis of migration [see McConnell and Brue (1986); Todaro (1977)]. It refers to a movement from place to place for employment purpose. In the literature, a widely accepted hypothesis is that net flows among geographical areas increase with increase in earnings differentials. Some of the studies regress the rate of migration between two locations on the arithmetic difference in median incomes, or some other function of these incomes. The evidence favours the differential economic advantage in geographical mobility [see Greenwood (1975) and Bowles (1970)]. However, it is questionable why migration is not larger than it is in the face of substantial geographical differences in incomes. Addison and Siebert (1979) opine that marginal costs would have to be high to reconcile the negative effect of distance with the present value of the earnings differential. The authors add that in some cases, it might be perfectly rational not to move even when earnings differential exists. They point to situation where specific training were important before migrant could move to another job at another location. They argue that in such a case differences in earnings would be a misleading estimate of what migrant could receive.

The second form of mobility is occupational mobility, involving changes from one job or class of jobs to another. Usually, it involves a variety of skills. In Addison and Siebert's (1979) view, occupational mobility is considered either as a movement between occupations during the life span of a given worker or as an inter-generational shift, that is, a movement of the offspring of individuals into occupations other than those of the parent.

They found indication that there was a strong direct relation between the net flow of workers into an occupation and the median income level of that occupation when the occupational movement within the lifetime of workers was examined.

The third form, is the movement from one industry to another, which are usually described as industrial mobility. In OECD (1965) and Stoikov and Raimon (1968) analyses labour turnover by industry show a consistently negative association between turnover and earnings levels, suggesting that the existing level of earnings exercise important influence on decisions to leave or not to leave a given job.

The fourth form is a change of residence accompanied by a change in occupation or industry [see Yoder (1954); and McConnell and Brue (1986)]. Kerr (1980) adds two other types of workers movement, namely movement between employment and unemployment and movement into and out of the labour force. Of all these forms of mobility, Yoder (1954) considers geographical, occupational and industrial mobility the most widely recognised.

Whatever form mobility takes, Palmer (1954) has pointed out that there can not be mobility without labour turnover on jobs at firm level. Labour turnover is therefore, an essential prerequisite for labour mobility. Labour turnover is often described in terms of a number of concept in the literature. In Burton and Parker (1969) turnover is explained as an issue in voluntary labour mobility. To Currant (1981); and Stoikov and Raimon (1968), it is defined as the voluntary termination of a period of employment referring to quit. Therefore, in spite of the fact that labour turnover consists of two flows, an inflow (recruitment) and an outflow (wastage), from many points of view, the outflow (i.e

separation or quit) is held more important than the recruitment or accession rate. Mackay et al (1971) explain this position by stating that:

> "Much recruitment simply involves replacement of labour which has left the plant, so that the recruitment rate is largely a function of separation rate. Further, a study of the separation rate permits an investigation of the influence of economic variables in a manner not possible for the recruitment rate ... that labour may not be able to join a plant even if he wishes to do so, whereas, it can always leave a plant".

If separation rate is adopted on this premise, there are two sides to it. Separation rate or quits includes voluntary wastage, when an individual quits of his own choice and involuntary wastage, covering all loses for reasons beyond the control of the individual. The involuntary wastage can occur in the form of layoffs, death, ill-health, redundancy and retirement.

Attention in the literature is on those who leave a plant on their own volition (Voluntary quits). Parnes (1954) argues that only the voluntary separation represents choices made by workers and relevant in the development of theories of motivations of workers. In the light of the subject matter of this study, it is necessary to deal with those who leave their current employment voluntarily. Little is known beyond the broad generalization on how quits are influenced by wages, personal characteristics and unemployment rate (Mackay et al, 1971). For instance, they have argued that we do not know whether quits are a function of wage differentials or a change in wage differential and so forth. It is therefore, important to have greater understanding of the factors which shape and determine the labour movement across jobs, occupation, industries and geographical areas, especially in Nigeria where such study is not common. Majority of the identified studies are based on the U.S.A. and British experiences. Besides, they are dated studies which may not explain the situation in the contemporary world economies, undergoing structural adjustment.

2.4 The Structural Adjustment Programme and the Labour Market

Structural adjustment programme according to the World Bank (1990) is best considered as the implementation of comprehensive reforms of macro and micro policies, in response to various shocks, and to rectify inappropriate past policies that have hampered economic performance. Horton et al (1994) see adjustment programme as an attempt to increase national income and output through more efficient use of resources. Thus, the policy direction under the programme pointed to the dismantling of the existing administrative control measures. These control measures according to Obadan (1993) are ineffective and therefore make the need to put in place a framework that relies more on market forces and broaden the supply base of the economy compelling. Examining the programme in the light of labour market connection, Horton et al (1994) note that policy makers and international institutions seem to believe that labour market rigidities are obstacle to structural adjustment. The authors argue that adjustment inevitably requires a change in the allocation of resources across sectors. On this, Hollister and Goldstein (1994) state:

> "poorly functioning labour market can stymie such allocations either because of wage rigidities or barriers to access ... which limit mobility of labour"

Also, Collier et al (1994) argue that a well functioning labour market is imperative for the inter-sectoral mobility of human resources envisaged in SAP. Consequently, Azam (1994) argue that the extent of labour market imperfection as compared to the textbook competitive labour market determines whether policy reforms will result in increased unemployment.

Moreover, Alejandra and Edwards (1994) contends that the changes in relative price brought about by adjustment policies, change not only the market value of sector-specific human capital, but also the geographical allocation of labour demand. In this respect, mobility costs associated with labour reallocation across areas can become an additional barrier to full employment under the programme.

On how adjustment programme affects employment and wages, Jebuni et al (1994) observe that different policy instruments under structural adjustment are most likely to be exerting different pressures on the labour market. For instance, Edwards' (1988) analysis of the effect of trade liberalization on the labour market in a three sector trade model shows that where trade liberalization leads to a fall in the price of importable, the relative price of exportables and non-tradables will also decline. He demonstrates that under a flexible labour market in the short run wages will increase in terms of importable and decrease in terms of exportables and non-tradables. Labour will move out of the importables sector and into the exportables and non-tradables. In the long run, when Stolper-Samuelson theorem holds, wages relative to all goods will increase with the other effects remaining the same (see Jebuni et al (1988).

Under wage rigidities Edwards (1988) contends that the effect of liberalization in a three sector trade model will depend on the coverage of the rigidities. He argues that where the wage rigidities cover the whole economy in terms of the exportable good, unemployment results in the short run. Where the wage rigidities are sector specific, the equilibrium wage and employment in the uncovered sectors are determined by the intersection of the demand for labour in the exportables and non-tradables sectors. In the

long run with wage rigidity, employment in the importable sector will decline, whilst it will increase in the exportables and non-tradables sectors in relation to the short run levels.

To examine the implications of fiscal austerity on the labour market, Buffie (1992) uses a dynamic dual economy general equilibrium model and shows that cuts in public infrastructure investment and higher prices for publicly produced intermediates such as electricity depress private investment by lowering usage of factors complementary to capital. The resulting capital decummulation causes employment growth to slow down in the high wage sectors of the economy. Consequently, Buffie argues that formal sector employment declines because real wages are subject to general downward pressure. Within the Buffie's analysis of the dual economy general equilibrium model, public sector cuts and lay-offs in the final goods and services sector produce better results in the labour market. He contends thus:

> "Labour real wages spur greater investment spending and as capital stock grows, employment in manufacturing increases further and the agricultural wage starts rising. Over the long run the capital stock increases enough that all the laid off workers are absorbed in the high wage manufacturing sector without lowering real wages"

According to Jebuni et al (1994), the extent of adjustment and the effects on wages and employment depend on the relative sizes of the various sectors, the elasticities of demand for labour and the substitution possibilities which are dependent on the technologies of production. Also, they add that the effect of adjustment on the labour market would depend on the structure and flexibility of the labour market, initial conditions, the content of the adjustment package, and the responsiveness of the product market. Therefore, the primacy of establishing the nature of the structure and flexibility of the labour market is not taken for granted in O.E.C.D. countries for obvious reasons

(see O.E.C.D., 1986). It has serious implication for the success of adjustment programme. However in Nigeria, the issue of the extent of labour market flexibility is still an empirical question for which no research concern has been squarely directed. Existing studies on labour market condition only make allusion to or stumble on the issue with no definite inference made in respect of flexibility.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Theoretical Framework

Labour mobility and the flexibility of the Nigerian labour market are the subject matter of this study. The motivation for them derives from the persistence of unemployment problem in the Nigerian labour market. For our purpose, we adopt the neoclassical paradigm of unemployment. From the neoclassical perspective, the solution to unemployment lies in the labour market flexibility, which is an issue in the problem of labour mobility and wage determination. In the case of labour mobility, the wage structure is a major determinant of movement between occupations, firms and areas. Wage structure is shaped by the actual and potential labour mobility.

The framework of the neoclassical theory has immediate attraction as it fuses mobility and wage determination into a single problem of labour market flexibility [Addison (1980)]. The theory is built on the assumptions that:

(i) large number of firms compete with one another to hire a specific type of labour to fill identical job vacancies;

(ii) numerous qualified people who have identical skill independently supply their labour services;

(iii) "Wage taking" behaviours: in which neither workers nor firms exert control over market wages operates; and

(iv) perfect, cost less information and labour mobility exist [Mcconnell and Brue (1986].

Based on these assumptions, the equilibrium wage and level of employment are determined by the interaction of the market demand for and supply of labour. Wage adjustments act to eliminate any temporary imbalances in demand and supply condition. At the real wage below the equilibrium, excess demand over supply of labour will put an upward pressure on wage as employers compete for the few workers. At the equilibrium wage the market clears. Existence of unemployment under this framework is an aberration. If it does happen it could mean a case of labour market inflexibility. Such could derive from one or more of the following: immobility of labour; imperfect information and wage regulation.

The neoclassical paradigm commends itself for consideration in the contemporary World economy, Nigeria in particular. This is so in view of the prevalence of the policy reforms which favour market-oriented economy. Nevertheless, it may be too simplistic identifying the problem of unemployment in Nigeria with just neo-classical explanation. In any case we have every reason to doubt the relevance of the neoclassical assumption to the Nigerian situation. For instance, unemployment rate in Nigeria varies widely across states, suggesting that there may be no case of the Nigerian labour market as envisaged in the neoclassical theory. Rather it is a case of truncated labour markets along state lines. Besides, while a case of perfect information may not be possible anywhere, even when information of vacancy is available to employees outside state of origin in Nigeria, opportunity to take up such job may not be there.

Above all, we may have to acknowledge that each of the conventional unemployment theories only offers, in a restricted sense, a realistic diagnosis of the country's unemployment problem. According to Fajana (1988):

> "Nigeria's unemployment problem has become more serious and more complex in recent years. Unemployment in the country can no longer be easily categorised into compartments such as "classical unemployment" (attributable to behaviour of real wage); "Keynesian unemployment" (due to insufficient aggregate demand for goods and services at prevailing level of real wage) and "Structural unemployment" (arising from distortions in the labour market operations). All these elements of unemployment which are inter-related have, to varying degrees, become relevant to the Nigerian situation"

To check the relevance of the neoclassical theory to the Nigerian situation would require probing into the issue of labour market flexibility - a basic proposition of the theory. From the viewpoint of Standing (1986), the labour market is said to be flexible when the market environment permits labour response to incentives and allows adaptation to them. It covers the speed and extent of price, quantity and quality adjustments to changing labour market condition. Thus, labour market flexibility is often identified with a deregulated labour market system. This is a market characterised by wage flexibility namely absence of minimum wage legislation and de-collectivized wage bargaining, efficient employment information system and labour mobility (Oladeji, 1993). Labour mobility is therefore, a critical issue in labour market flexibility. And since, going by the determinant of manpower mobility, factors such as wage and information flow in the labour market, among others, are important, then, labour mobility can be seen as a fair reflection of the extent of the labour market flexibility.

In the context of this study we define labour mobility as the versatility and ability of manpower to move across employers, industries, occupation and geographical area in response to social and economic signals. In this sense, labour mobility is synonymous with adaptability and it implies the quality of flexibility, adjustability and freedom of movement

among labour markets (see Standing, 1986). We zero-in on the use of voluntary separation rate i.e. quit or job-tenure to measure labour mobility.

3.2 Model Formulation

Generally, quit rate is the number of workers that leave a particular organisation divided by the total work force within such organization at the beginning of the year. The problem with the definition is that it does not enable us to establish whether the termination of employment is initiated by employees or the employer. However, in manpower mobility analysis, interest lies in movements that occur at employee's initiative.

Therefore, in attempt to evaluate manpower mobility in Nigeria the study adopted voluntary quit. Based on this clarification, the study followed the path of Burton and Parker (1969) by postulating a voluntary quit rate model:

$$VQR = f[I, O, P, X] \qquad (1)$$

This is interpreted to mean that quit rate **(QR)** is a function of four sets of variables **I,O,P,X** where:

$$I = (W_A, W_{RP}, W_{RE}, W_{RN}, S_F) \qquad (2)$$

$$X = (S, G, M, L, K, T, C) \qquad (3)$$

$$O = (U, A) \qquad (4)$$

$$P = (E_U, E_{X_{in}}) \qquad (5)$$

Specification of Variables:

1) **V QR** = Voluntary Quit Rate.

2) **I** = Set of variables relating to incentive to quit:

$_{WAS}$ = Absolute wage level.

W_{RP} = Wage relative to previous employment pay.

W_{RE} = Wage relative to expected earning from alternative job.

W_{RN} = Wage relative to normal wage rate set by government.

S_F = Size of the establishment or firm (Measured by work force).

3) **O** = Cyclical Variation in the opportunity for workers to move:

U = Unemployment Rate/Workers' Assessment of Employment Opportunity

A = Recruitment Rate

4) **P** = Variables amenable to policy manipulation:

E_u = Extent of Unionism/Union Pushfulness by Workers Assessment

EX_F = Employment information dissemination of labour exchange centres.

5) **X** = Residual Variable [Personal Characteristics of Employees]

S = Sex

G = Age

M = Marital Status

L = Length of service

K = Skill level of workers

T = Tribe

C = Number of Children.

E = Education level

3.3 Study Variables and Measurement

Study variables and how they are measured are presented as follows:

3.3.1 Quit rate, manpower mobility and labour market flexibility

Manpower mobility occurs when workers join or leave a plant, and it is otherwise called turnover. To measure manpower mobility in the literature quit rate is usually employed and expressed as proportion of the stock of employees. There are two sides to Quit rate: Voluntary quit, which occur when an individual quits work place of his own choice; and involuntary wastage, covering all losses for reasons beyond the control of the individual.

In this study, we focused attention on workers who leave or plan to leave a firm of their own volition (Voluntary quits). Voluntary quit was adopted being the critical test for economic theory, it represents choice made by workers.

Therefore, first, plant quit rates were obtained by expressing the number of workers who left an establishment voluntarily (resignation) in the last one year as percentages of the total work force of the plant within the year. At the inter-personal level, job-tenure was employed as proxy for voluntary quit. The fact that it is an indirect measure was noted in the interpretation of the result. Job-tenure was grouped into six, depending on the length of time. Specifically, the study used **1** for job- tenure that is less than one year, **2** for 1 to less than 5 years, **3** for 5 years to less than 10 years, **4** for 10 to less than 15 years, **5** for 15 to less than 20 years, and **6** for all those above 20 years. Second, the potential quit was

measured by using the workers indication of intention to leave should the opportunity arise. This was done by adopting **1** for each employee who indicated Yes on question 34 and **2** for those who indicated No. On the question they were asked to show if they had written application for alternative job in the last one year or not.

With regard to labour market flexibility, in the context of the Neo-classical paradigm a flexible labour market is expected to establish appropriate wages and wage rates on the basis of which full employment of all categories of labour might be obtained (Manpower Journal, 1996). Therefore, for the purpose of this study, the necessary condition for labour market flexibility is for there to be a considerable labour mobility, proxied by High VQR and low job-tenure at the firm and personal levels respectively. The sufficient condition is for such VQR or job-tenure level to be greatly accounted for by wage factor. Thus, this study was interested in the statistical significance of wage factor in the QR function, especially when VQR is found to be high or job-tenure is found to be low.

3.3.2 Incentive variables

Is used to represent all variables relating to incentives for workers to quit because of comparative analysis which they make about firms attributes. Labour market theory suggests that a worker will quit his job if he feels that an alternative job offers a net advantage. The most obvious inducement that exercises strong influence on workers movement across firms, industry, occupation and geographical area is higher paying job elsewhere, especially when other non-wage aspects of the two alternative jobs are equal.

The first type of I variable measures the level of wages in each firm and by each employee. In respect of wages, the monthly income used was grouped into seven depending on income size. i.e. 1 was used for income that is less than ₦5,000, 2 for income between ₦5000 to less than ₦10,000, 3 for ₦10,000 to less than ₦15,000, 4 for ₦15,000 to less than ₦20,000, 5 for ₦20,000 to less than ₦25,000, 6 for ₦25,000 to less than ₦30,000, and 7 for ₦30,000 and above. It is expected that it should be inversely related to the quit rate (QR). All things being equal firms with high wages should stand better chance of retaining their employees than those with lower wages. However, where the study used job-tenure as proxy for quit, direct relationship is expected because job-tenure is an indirect measure of QR.

Among other variables under this group (I) in addition to wage differentials is firm size. This is relevant because workers exhibit high preference for larger firms where their chances for internal advancement are higher. Thus, the necessity of quitting for employees in large firm is reduced. However, employees outside such firm may quit existing job for appointment in a firm they consider superior in term of size. In this study, firm size was measured as total number of work force in each firm. An inverse relationship was expected between quit rate (QR) and firm size (S_f)

3.3.3 Cyclical variations in the opportunity for workers to move

With regard to variable O, representing opportunities for workers' mobility, the effect of variation in the condition of the labour market on mobility was examined. The belief in the literature is that employment condition is likely to affect the market quit rate. It is argued by Mackay et al (1971) that the decision to leave a plant will be influenced by

the ease or difficulty with which alternative employment can be obtained. When the market is tight those dissatisfied with their present job are likely to seek and to be able to obtain work in other organizations. Consequently, it was expected that quit rate would be high when employment conditions were favourable and low when employment conditions are unfavourable. Following this view, we used the employees' assessment of the labour market situation about the ease or difficulty with which alternative employment can be obtained as measure of employment conditions. Specifically, they were asked to indicate how easy they think they could secure alternative job and particularly in their organization, what they think about employment opportunity. Each worker indicated his/her impression about employment opportunity in the organization by choosing from the scale: quit easy, somehow easy, not at all easy and not possible.

Another variable in O class is the recruitment rate. It is measured by the ratio of the number employed in each firm in the last one year and the total work force.

3.3.4 Variables amenable to policy manipulation

Variables P include the extent of trade unionism and employment information dissemination of labour exchange centres. It is argued in the literature that union's militancy restricts mobility of manpower. At the organisational level, unionism exercises restriction on employers recruitment behaviour and response to labour market condition. Also, trade union impedes mobility by limiting the access of non-union workers to union controlled apprenticeship programmes and union filled jobs.

To measure the extent of unionism, Hines (1964) used trade union's pushfulness. The pushfulness was approximated using the rate of change in the percentage of the labour

force unionized and the level of union membership. The reasoning behind this is that when unions are militant they easily improve membership [Greedy, 1981].

As regards employment information dissemination of labour exchange centre, the behaviour of workers and business organization depends on access to different kinds of information about the labour market condition. In the workers' view, good information system creates awareness about alternative wage rates and job options. The awareness enables them to assess the opportunity cost of their present employment in the light of others. Also, information availability on occupational condition affects decision of individual to enter a particular occupation and devote energy to the acquisition of special skills which may involve foregoing present earnings for some time.

With regard to employers, what is known about wage rates for alternative types of labour through information affect their recruitment behaviour and condition. In this study the workers perspective of the bargaining strength or pushfulness of their union was used. Union's pushfulness or bargaining strength was measured by worker's assessment of the degree of effectiveness of their union. Thus when a worker indicated that union is very effective it was recorded as 1, effective was assigned 2, somehow effective was 3, and not effective was 4.

3.3.5 Residual variables (personal characteristics)

Variable X investigates the effect of personal characteristics. Specifically, it covers age, length of service, level of skill (proxied by level of education), sex and marital status. Following Mackay et al (1971), we expected that quit rate would be inversely related to length of service and age, low among manual workers, inversely related to skill, high for

females than for males and for married females than for single women. The age variable was grouped into 5: less than 24 years, 25 to 34 years, 35 to 44 years, 45 to 54 years and 55 years upward. Educational level was grouped into: primary, secondary, technical/polytechnic, university and others. In respect of marital status, 1 was recorded for single, 2 for married, 3 for divorced, 4 for widow and 5 for others. Finally, sex was assigned 1 for male and 2 for female.

On the four categories of variables, the summary of the a priori expectation of the relationship between labour turnover and its various influences or variables is as contained in Table 3.1

3.4 Data Used and Method of Data Collection

Both secondary and primary data were used in this study. First, we conducted a survey of the developments in the Nigerian Labour market during the adjustment period (1986 to 1997). Data collected were data on the nature and dimension of unemployment problems, the national wage policies, national development plans, national rolling plan documents and other related publications on the industrial atmosphere in the labour market.

Table 3.1 Summary of Hypotheses for Variables on Labour Turnover

S/No	Explanatory Variable	A priori signs of the relationship between explanatory variable and labour turnover		
		Stoikov and Raimon	Burton and Parker	Curran
1.	Wages	Negative	Negative	Negative
2.	Recent Wages Increases	Negative	Negative	Negative
3.	Fringe Benefits	-	-	Negative
4.	Hours	-	-	Positive
5.	Establishment Size	Not Clear	Negative	Not Clear
6.	Unionization/Strike	Negative	Negative	Negative
7.	Lay Off Rate	Positive	Positive	-
8.	Accession Rate	Negative	Negative	Negative
9.	Unemployment Rate	Negative	Negative	Negative
10.	Tenure/Length of Service	Negative	-	-
11.	Sex (per cent female)	Not Clear	Positive	-
12.	Social Status (Percent Negro)	Negative	Positive	-
13.	Quality of Work Force (a) Skill, (b) Manual	Negative	Negative	-
14.	Age: (a) Old	-	-	Negative
	(b) Young	-	-	Positive

Source: Oladeji S.I. (1992).

Also, data were obtained from the following government agencies' published documents:

(i) The Nigerian National Manpower Board (NMB)

(ii) The Federal Office of Statistics (FOS)

(iii) The Central Bank of Nigeria (CBN)

The second aspect of this study focuses on manufacturing firms and their employees. The primary data for the investigation were generated through a field survey using questionnaire. Two sets of questionnaire were administered to obtain necessary information and data from respondents [firms and employees of manufacturing industry].

The first questionnaire was concerned with the manufacturing firm as a unit or plant within the whole industry. The information that were drawn for this study were on:

(I) Organizations characteristics; namely, year of establishment, employees' population (size) and share capital.

(ii) Annual recruitment, resignation, and lay-off.

(iii) Wage level, and changes in wages.

(iv) Number of production workers, skilled and unskilled workers.

(v) Available fringe benefits.

(vi) Recruitment in the establishment since the year begins.

(vii) Strikes in the last one year.

(viii) Industrial Relation practice.

In the second questionnaire, the information of interest from individual employee were on:

(i) Socio-economic characteristics of each respondent: Like age, sex, marital status, number of children, educational attainment, training experience, occupation, income etc.

(ii) Changes in occupation, industry, area, training undergone since the employee started work.

(iii) How they got to know of work with their present employer and the reason for their preference for the present job.

(iv) The desirability of leaving the present employment.

(v) The condition of service, their feeling on the suitability of their present employment, the level of satisfaction, ease of movement and employment prospect.

(vi) Number of years on the present job, present area and present occupation.

Obviously, information of this sort cannot be obtained in published documents. Therefore, a specially designed questionnaire was used to get the information from our respondents. Most of the questions were close-ended to ensure precision and facilitate analysis. Precisely, the data collection took place between September and December 1997 in Lagos and Kaduna, and we enjoyed a reasonable level of cooperation from the firms and employees.

3.4.1 Coverage and sampling procedure

The investigation for this study was carried out at two levels. First, at the macro level, a macro analytic study was conducted in analysing the developments in the labour market during adjustment period and to establish the nature and condition of the labour

market in the economy as a whole. This provided an economy-wide view of the labour market operation during adjustment.

Secondly, at micro level, this study adopted a case study approach focusing on Nigeria's Manufacturing Industry's firm and employees. We confined the study's coverage to the manufacturing industry for the following reasons:

(i) within SAP philosophy the labour market is adjudged to be flexible and functioning properly if free mobility of labour is accomplishable between the urban and rural sectors, and among firms within the manufacturing industry [Ikpeze, 1996];

(ii) from Nigeria's labour market consideration, the industry is one of the most important in terms of years of establishment , size, skill content of labour force engaged, contribution to GDP and employment coverage.

Also, in view of time and financial constraints, it was impossible to cover every industry in Nigeria, every firm within the manufacturing industry, we had to take a sample of 36 manufacturing firms, and 708 workers. The firms covered engaged in production of textile materials, tyres, aluminum products, plastic, food and beverages, detergents, etc.

On area coverage shown in Table 3.2, only business firms in Lagos and Kaduna areas constituted the pool from which the firms were selected. The two areas were chosen to represent the Southern and Northern areas of the country. Therefore, at least two areas out of the three main areas of Nigeria were covered, recognising that each area has peculiar employment characteristics which makes it unique within the whole economy. Other considerations revolve around the fact that the two areas are among the main areas of manufacturing industry in Nigeria. Thus, the areas provided a large pool from which the business establishment required were selected.

Table 3.2: Area and Names of Manufacturing Firms Covered During Survey

Lagos Labour Market Area	Kaduna Labour Market Area
Tower Aluminum Plc	Nigerian Breweries
Dunlop Plc	Armeco Plc
UAC Foods	Kaduna Textile (KTL)
Consolidated Foods & Beverage Ltd	Arewa Textile
Crown Flour Mill	United Nigerian Textiles (UNTL)
Doyin Pharmaceutical	Sunglass Ltd
Doyin Industries	IBBI (Brewery)
PZ Plc	Ideal Flour Mill
Nigerian Breweries Plc	Fertilizer Company
Guinness	7-Up/Pepsi Plc
Carnaud Metalbox Plc	Queensway Aluminum Ltd
Livestock Feeds (ADSET)	Blanket Industries
Nigerian-German Chemicals	Eslon PVC Ltd
Vital Foam	Tower Galvanised Products
Nigerian Textile Mills (NTA)	Siemen
Sona Brewery	Plastics Industries
Apex Paper Mill	Nortex Plc
Woolen Synthetic Textile	Finetex Plc

Source: Author's Survey, 1997

In selecting the 36 manufacturing firms sampled, purposeful sampling procedure was used. Out of 36, 18 were selected in Lagos and 18 in Kaduna. For the inter-firm analysis, each of the firms sampled were interviewed to assess their employees quit rate, working conditions, employees' size, recruitment practices, and other organisational specific characteristics. This was followed by the inter-personal interview of the firms' employees. To obtain interpersonal information 708 employees were sampled in both areas. Specifically, 396 and 312 were interviewed in Lagos and Kaduna respectively. At the organizations' level, the number of employees interviewed was determined by firms' relative sizes (measured by work force) In few cases, where firms did not cooperate we made do with the number of employees permitted. In each firm, simple random selection was employed using pay roll list, to afford every worker the possibility of selection. We expected that the collective experience of those sampled would reflect within narrow limits, the general experience of the labour force from which they are drawn. With regard to method of enquiry, the two types of questionnaire indicated before were used to conduct all the interviews through personal and field interviewers' visit.

3.5 Analytical Technique

The analytical techniques are discussed here from the macro and micro perspectives. For the macro analysis (Economy-wide labour market view), we adopt a descriptive analytical technique, placing emphasis on tabular, geometrical and verbal presentation of the issues in contemporary labour market situation in Nigeria.

The primary survey at the micro level included both inter-firm and inter-personal analyses. For these, two sets of questionnaire were employed. One focused on each firm as a unit and the other on the individual employees. From it, summary statistics such as frequency counts, percentages, cross-tabulations of variables were obtained to capture the

socio-economic and demographic characteristics of the firms, employees. This was followed by two research analyses. First, we took up the question of labour mobility among employees. Following the convention in the literature, mobility is analysed at inter-personal level through the examination of job-tenure trend across different employment. It shows how long each worker stayed on a job before moving to another employment. This is an indirect measure because quit rate is being analysed via the job-tenure. The approach follows the path already employed by O.E.C.D. (1986) on labour mobility.

To understand the nature of labour mobility among workers, the factors responsible for the moves were examined along with the direction of the movement the workers made. The examination helped to establish if the mobility was voluntary or involuntary, motivated by wages or other factors, and if the mobility was across sectors, industries, occupation and geographical areas. The nature of mobility permitted by the market environment guided the study's inference with respect to labour market flexibility.

Two sets of step-wise regression analyses were conducted to test the specified linear model on inter-personal primary data collected. On the first set, job-tenure was used as an indirect measure of quit rate. Thus, longer job tenure for an average worker means low quit rate and implies low mobility. With respect to the implication for flexibility, the necessary condition is for there to be a considerable labour mobility proxied in this case by short job-tenure. The sufficient condition is for such job-tenure to be largely accounted for by wage factor when compared to other factors.

On the second set, the data was disaggregated into sub-sectors, such as textile, foods and beverages, breweries, Rubber and plastic manufacturing. Based on this disaggregation step-wise regression analysis was conducted to establish if there were differences in the model behaviour and result.

CHAPTER FOUR

THE NIGERIAN LABOUR MARKET IN AN ERA OF ADJUSTMENT

4.1 Introduction

The Structural Adjustment Programme (SAP) was introduced in Nigeria in 1986 with the aim of restructuring and diversifying the productive base of the economy. The programme has had serious implications for the operation and condition of the Nigerian labour market as a whole. After eleven years of the programme this study analyses the salient characteristics of the market and the implications they have for the efficient functioning and condition of the market.

Efficiently functioning labour market is important to human resource development and utilization, and economic growth. Labour market allocates labour among alternative productive activities and is a major force shaping the incomes distribution. Wages provide incentives for the movement of labour among geographical areas, occupations, industries, and for the acquisition of skills. In this regard, wages and employment affect the income of workers and the well-being of families (Adams, 1992). A critical issue is whether the Nigerian labour market is properly integrated to maximise opportunity for the nation's human resource development and utilization, minimise national human resource wastage through mismatch and reduce unemployment.

To understand how Nigeria's labour market functions, especially with regard to labour mobility and consequently the market flexibility, a background assessment of the contemporary nature of the market is very important. Thus, in this chapter, an analysis of the characteristics of Nigeria's labour market is conducted. This is followed by an examination of the role of the three key institutions in the market and rounded up with an analysis of the wages determination under adjustment condition in Nigeria.

4.2 Characteristics of the Nigerian Labour Market

One of the major aspects of development is provision of employment opportunity for the citizenry. Unemployment problem in the Third World countries has a number of facets that make it historically unique. Its uniqueness is that it affects much larger proportions of labour force in a variety of ways than did open unemployment in industrialised countries, and its causes are much more complex than those in the developed countries. To examine the condition of unemployment in Nigeria we make use of the various secondary data that are available from the Federal Office of Statistics.

Historically, unemployment in Nigeria, has been a persistent and growing problem. With the emergence of economic recession in 1986, it was estimated that the figure of the unemployed persons had reached about 3.0 million. Since 1986, the situation has been complicated by continuing economic crisis and widespread retrenchment in the formal sector (Umo, 1996).

The design and implementation of SAP in Nigeria shows that the policies do not focus on the issue of employment. However, through its effect on the various sectors, the programme has implications for employment situation. SAP lays emphasis on an institutional setting of a market oriented economy, where only a small degree of public ownership of productive resources usually exist. It is believed that the programme will wipe out the distortion inherent in extensive government control and intervention to achieve improved resources allocation through market mechanism.

In the process of implementing the programme the public sector which is the dominant employer of labour, has carried out massive disengagement of labour. This is not because of over-staffing, going by the situation on ground. In the public sector, vacancies have been allowed to co-exist with high unemployment of qualified hands because of the

budgetary constraint. Also, in the private sector, especially the manufacturing firms, production process has been impaired by the adjustment policies. For instance, Federal Office of Statistics' Annual Abstract of Statistics (1997) shows that between 1994 and 1995, capacity utilization fell from 43% to 30% in the manufacturing sector.

Government policy response emphasises self reliance, self employment and creativity. For the execution of the policy, the NDE was set up in 1986. This Directorate was mandated to confront the unemployment problem in Nigeria with appropriate, and immediate solution. Considering the complex dimension of the problem, the Directorate sets as its broad objective to promptly and effectively combat unemployment through the design and implementation of radical strategies to prepare the unemployed for gainful employment.

Analysing the impact of the Directorate, Adebayo (1991) cited an instance where 99,599 graduates and 2,781 matured people attended the Entrepreneurship Development Programme nationwide. However, only 2,355 graduates and 72 matured people of those who attended secured the Directorate's loan to set up businesses. This shows that only about 2.4 percent of the graduate participants and 2.6 percent of the matured people made a head way through NDE. The study expresses doubt as to the possibility of NDE putting under control the degenerated situation of the labour market. With this background, we turn to available data to ascertain the current trends and nature of Employment Problem in Nigeria.

Table 4.1: National Unemployment Rates, Year Ending (December, 1985 - 1996)

Survey Period	Composite	Urban	Rural
December 1985	6.1	9.8	5.2
December 1986	5.3	9.1	4.6
December 1987	7.0	9.8	6.1
December 1988	5.1	7.8	4.8
December 1989	4.5	8.1	3.7
December 1990	3.5	5.9	3.0
December 1991	3.1	4.9	2.7
December 1992	3.4	4.6	3.6
December 1993	2.7	3.8	2.5
December 1994	2.0	3.2	1.7
December 1995	1.8	3.9	1.6
December 1996	2.9	4.6	2.5

Source: Federal Office of Statistics.

First, examining the qualitative dimension of the problem at the national level, Table 4.1 shows that unemployment rate which was 7.0 in 1987 has reduced consistently to 1.8 in 1995. Between 1995 and 1996, the rate increased from 1.8 to 2.9. A similar picture is painted by the urban and rural rates on the same table. If these rates reflect the reality of Nigerian labour market situation, then unemployment should not be a problem of concern to anybody. However, going by the most recent publication of the Federal Office of Statistics (FOS), it is pointed out that:

> "the issue of unemployment is one of the major problems in the country's economy which is further escalated as a result of the introduction of SAP in 1986" [F.O.S., 1997]

This study holds the FOS' point above as accepting that unemployment is a critical problem in Nigeria which has been worsened by SAP. Indication from the literature (see Oladeji and Adebayo, 1996 and Okigbo, 1991) also contend that the trend appears suspect in the face of the casually observable reality of the situation in the labour market.

Thus, much should not be read in these single dimensional figures which indicate a decline in the unemployment rates. The national unemployment rate usually quoted in connection with an evaluation of the condition of the labour market in Nigeria has only limited validity. This is because it brings together in an overall average, highly diverse categories with greatly varying incidence of unemployment. It should be noted that , labour under-utilization is a common phenomenon, especially, in rural areas during dry season. The under-utilisation normally assumes the form of disguised unemployment which is very difficult to measure. However, based on the Federal Office of Statistics' attempt, the rates

of underemployment in the rural sector compared with the Urban sector between 1992 and 1996 is shown on Table 4.2. On the table, though under-employment rate for rural segment fluctuates across the quarter of each year, between December and March of each year, the rate is observed to be on the increase with March quarterly figure marking the peak for most of the years covered. This shows the seasonal adverse effect of dry harmattan season on under-employment in each year in Nigerian rural area. It is a period of low agricultural activities. If the yearly average rate is closely examined, the under-employment rate of each year in the rural area far exceeds the rate in the urban area. In most of the years, specifically, 1992, 1995 and 1996 the average rural under-employment rate is 21.9, and it doubled the urban average under-employment rate (10.8) for the specified years. This phenomenon is serious in terms of seasonal human resource wastage, bearing in mind that over 59 percent of the employed labour force in Nigeria are engaged in the rural area. The urban average under-employment rate of 10.8 percent is also on the high side and it confirms the doubt expressed on published national unemployment rates. In addition, a breakdown of unemployment rates by states, sex, age group and educational attainment is presented in order to enable us to appreciate the specific problems of the labour market. The statewide picture of the unemployment problem is presented on Table 4.3.

Table 4.2: Under-Employment Rates in Nigeria (1992-1996)

	URBAN		RURAL	
	Quarterly	Yearly	Quarterly	Yearly
MARCH '92	6.2		15.3	
JUNE '92	17.2	11.6	27.2	25.1
SEPT. '92	11.6		29.0	
DEC. '92	11.2		28.7	
MARCH '93	15.4		31.5	
JUNE '93	N/A	15.5	AN	22.0
SEPT. '93	14.8		19.5	
DEC. '93	16.8		14.8	
MARCH '94	16.2		28.6	
JUNE '94	18.5	12.7	19.7	20.2
SEPT. '94	11.3		12.7	
DEC. '94	4.7		19.7	
MARCH '95	8.2		22.9	
JUNE '95	7.6	9.3	18.6	20.1
SEPT. '95	7.7		18.8	
DEC. '95	13.7		20.1	
MARCH '96	11.2		20.2	
JUNE '96	11.2	11.4	19.7	20.4
SEPT. '96	11.2		20.6	
DEC. '96	11.8		20.9	

Source: Federal Office Statistics

Table 4.3: Unemployment Rates by States (1991 - 1996)

STATES	1991	1992	1993	1994	1995	1996
Nigeria	3.1	3.4	2.7	2.0	1.8	2.5
Abuja	4.5	n.a.	1.9	3.1	8.9	n.a.
Akwa-Ibom	2.1	4.6	2.2	7.2	8.1	2.1
Anambra/Enugu	6.1	2.6	4.1	2.0	0.3	1.8/7.9
Bauchi	2.8	2.3	1.3	0.8	0.1	12.3
Edo/Delta State	8.6	6.9	4.9	2.8	5.2	23/6.5
Benue	4.0	3.1	1.4	n.a.	0.3	2.5
Borno/Yobe	1.0	6.6	2.4	n.a.	0.3	3.4/3.9
Cross River	3.6	5.0	2.1	0.9	0.3	2.7
Adamawa/Taraba	2.7	1.7	1.6	3.5	0.2	1.6/0.7
Imo/Abia	5.3	8.5	5.6	9.1	0.5	6.9/3.4
Kaduna	4.2	0.5	3.6	4.6	0.3	1.2
Kano/Jigawa	1.4	0.5	0.1	n.a.	n.a.	4.5/3.8
Katsina	0.1	2.1	0.6	1.1	0.3	5.5
Kwara/Kogi	1.8	0.9	4.3	n.a.	1.2	3.5/1.7
Lagos	1.5	1.2	2.8	n.a.	2.0	10.9
Niger	0.4	2.0	2.7	n.a.	0.3	3.8
Ogun	1.1	1.7	2.9	n.a.	0.6	0.8
Ondo	2.1	3.3	1.4	1.9	1.6	4.5
Oyo/Osun	1.5	0.4	1.7	0.9	0.5	3.6/1.8
Plateau	2.7	3.2	0.6	2.7	1.3	4.8
Rivers	5.0	10.1	7.1	6.1	2.0	4.2
Sokoto/Kebbi	1.7	0.7	0.3	n.a.	0.1	5.9/2.3

Key: n.a.: Not Available

Source: Federal Office of Statistics.

There were significant quantitative differences of unemployment rates from one state to the other, but generally the figures for each state fluctuated widely between 1991 and 1996. Specifically, the figure for Kano/Jigawa, Ogun, Oyo/Osun, and Sokoto/Kebbi States indicate a relatively lower rates of unemployment. In 1994 and 1995 in the cases of Kano/Jigawa, Ogun and Sokoto/Kebbi states the lowest rate recorded was less than 0.1 percent. Notable for relatively higher unemployment rate among the states are: Anambra/Enugu, Edo/Delta, Imo/Abia, Akwa-Ibom, Rivers and the Federal Capital Territory-Abuja.

Examining the highest rate for each year; Edo/Delta recorded 8.6 in 1991, Rivers recorded 10.1 in 1992 and 7.1 in 1993, Imo/Abia recorded 9.1 in 1994, Abuja topped the list in 1995 with 8.9 percent rate, and in 1996 the highest unemployment rate of 12.3 recorded, came from Bauchi. In view of the foregoing, no generalization can be made in their comparison. However, the figure for 1996 shows a relatively higher unemployment rate for most of the states than the preceding years. Infact, the highest rate of 12.3 recorded for Bauchi was in 1996. Within the same year, states such as Enugu, Delta, Imo, Katsina, Lagos and Sokoto respectively had their unemployment rates being quite on the high side. This implies that with the introduction of SAP, unemployment affects individual Nigerians irrespective of states and region to which they belong. It can safely be argued that the problem is significant and in different proportion over the states. By implication, the significant difference in the rates for each year across states shows that Nigeria is not a completely national labour market geographically. If the markets are properly integrated people are expected to move from high unemployment rates areas to the low

unemployment rate areas and settle down. The lack of homogeneity cannot but be connected with the existence of political, religious, cultural and tribal barriers inhibiting mobility in Nigeria. Lack of accessibility to information also contributes to manpower immobility across states. Increased access to information is expected to improve manpower mobility across states and reduce the quantitative differences in the unemployment rates across states. Table 4.4 shows the incidence of unemployment by age. It indicates that a large proportion of the unemployed are within the younger age groups (Youth, between the age of 15 and 24). However, the proportion has progressively declined to 47.6 in 1996. The decline not withstanding, the employment problem is still more of a youth unemployment phenomenon.

In terms of educational attainment, Table 4.5 shows that unemployment incidence falls more on secondary school leavers. However, on the average it is not less than 59 percent. The proportion of the unemployed with primary education is also significant, but lower than the proportion of those with secondary education generally over the period. In addition, on the same table is shown the unemployment incidence on tertiary graduates. Specifically, the proportion of this group of the unemployed has been on the increase since 1991. The proportion is as high as 7.5% by 1996.

Table 4.4: Percentage Distribution of Unemployed Persons by Age Group

Age Group/ Class/Year	15-24	25-44	45-59
1986	73.8	22.6	3.6
1987	68.35	23.5	9.2
1988	65.65	29.95	4.4
1989	70.30	24.90	4.4
1990	65.65	25.95	10.7
1991	62.9	24.2	12.9
1992	65.5	23.2	11.3
1993	69.0	25.2	5.8
1994	70.4	21.0	8.6
1995	57.5	28.7	13.8
1996	47.6	38.4	14.0

Source: Federal Office of Statistics.

Table 4.5: Percentage Distribution of Unemployed Persons by Educational Attainment (Composite 1986 - 1996)

Educational level/Year	No Schooling	Primary School	Secondary School	Tertiary Institution
1986	15	14.1	65.7	5.2
1987	15.3	10.8	66.0	7.9
1988	12.0	18.4	61.7	7.9
1989	14.8	24.3	24.3	4.6
1990	13.1	25.4	25.4	4.7
1991	14.1	17.4	17.4	3.3
1992	15.1	19.9	19.9	2.7
1993	14.3	21.7	21.7	3.8
1994	16.0	17.4	17.4	2.9
1995	18.7	36.7	36.7	7.1
1996	13.4	28.0	28.0	7.5

Sources: (I) Central Bank of Nigeria: Annual Report & Statement of Account.

(ii) Federal Office of Statistics.

Summarily, the unemployment characteristics in the country's labour market shows that Nigeria's unemployment problem is significant and multidimensional. It affects largely the youth of both sexes, who hold different educational qualification. The problem entails a tremendous cost for Nigeria. The wastage of the manpower: the loss of financial and social resources invested in their preparation, and the high opportunity cost in terms of the sacrifices of other more basic human needs, which are not attended to because of the diversion of public financial and social resources into their education. The problem is compounded on the other hand by the frustration of the unemployed educated ones in not finding employment or a job whose skills, prestige and remuneration are in harmony with their expectations. This kind of experience often generates criminal behavior among those who cannot envision what is to be their future role in socio-economic system of their nation.

4.3 The Role of Labour Market Institutions in Nigeria

There are three key labour market institutions in the wage determination in any country . These institutions are: Government, Private Employer and Trade Unions. In reference to Government in Nigeria before the introduction of SAP, the government operated within the framework of Keynesian paradigm of extensive government intervention. Under the framework, government made use of wages commissions to determine wages for workers. Some of these commissions include Bridges Commission (1941), Tudor Davies (1946), Harragin (1964), Adebo (1970), Udoji (1974) and Cookey (1981). Wage determination involved the use of administrative guidelines on minimum

levels of basic wages, especially, in the civil service sector of the labour market. In 1981, we had the statutory declaration of a minimum wage of ₦125:00. In 1983, Government imposed wage freeze which was lifted in 1987 for the restoration of collective bargaining.

Beginning from 1991, the government introduced a decentralized collective bargaining. This suggests the fixing of wages to reflect the ability to pay and the imperatives of a good remuneration policy. It was designed to end the universal applicability of federal government decision on wages and fringe benefits. Thus, the various tiers of government and agencies are expected to negotiate with their workers, wages and salaries which are sensible and affordable (Oladeji, 1994). In pursuance of this principle, Abacha regime decentralized many of the powerful national unions such as Academic Staff Union of University (ASUU) to institutional level. The Nigeria Union of Teachers (NUT) and the Nigeria Labour Congress (NLC) which were still national in outlook operated like toothless bull dogs due to the repressive attitude of the government and its policies.

Following this decentralized collective bargaining, the Federal Military Government in September 1998 announced an upward review of minimum wage to ₦5200 for all Federal employees expecting the states and local governments to negotiate with their workers affordable minimum wage. This review has generated serious crisis revolving around the unwillingness of all civil servants at the lower tier of government to accept anything lower than the ₦5200 minimum wage implemented for federal workers. After negotiation with the NLC, the minimum wage was adjusted backward to ₦3,500 for Federal employees and ₦3,000 for state government workers. From the foregoing, the

Federal Government acts as principal regulatory agency on wage issue in Nigeria. Even wage decision among operators in the private sector is largely influenced by Federal Government pay structure.

With respect to the Organised Private Sector (OPS), wage patterns vary across individual sectors and across firms. However, the OPS influences wage determination process through their personnel management practices. Usually each firm has standard pattern of industrial relations which in no small measure has implication for the labour market conditions. The firms for obvious reasons seek to maximize profits. Hence, they seek to minimize production costs. Since labour costs constitute an important component of production costs, they are often critical about what happens to wage levels. In the coordination of their views about wage determination and maintenance of peaceful industrial atmosphere, the Nigeria Employers Consultative Association (NECA) plays crucial roles. The existence of NECA has enabled Nigeria to fulfil the criteria of tripartite industrial relations structure required by the International Labour Organization.

In appropriate industrial relation practice, tripartism is a dialogue process involving:

(i) workers and their respective unions;

(ii) employers and their association; and

(iii) government.

To influence the industrial atmosphere NECA developed a series of Memoranda of advice and guidance on fundamental industrial relation principles to guide its members. This has structured wage determination process in Nigeria in the line of proper emphasis on

procedural agreement between Industrial Employers' Association and National Trade Unions on the one hand and between management and plant unions on the other.

The last but not the least institution in the Nigerian labour market are Trade Unions. These are collective organizations whose main objectives are to improve the employment conditions of their members. Their activities are usually differently viewed among people. Some view Unions as monopolists whose activities of securing benefits for their members impose significant cost on society. From another perspective, trade unions are seen as the major means by which employees could and have improved their economic status.

In Nigeria, Unions have influenced directly and indirectly the wages and working conditions of several thousands of their members in the market depending on their pushfulness and coverage. According to Fashoyin (1992) trade union activities dated back to 1897, when artisan workmen in the Public Works Department (PWD) in Lagos embarked on a 3 - day strike in protest against workmen's hour of work. This strike action forced Governor McCallum of Lagos to negotiate with the workers. However, trade unionism was formally legalised in 1938 when the colonial administration passed the Trade Union Ordinance. Expectedly, in the first year of the ordinance about 14 Unions with membership of 4629 were registered. By 1977 the number of existing trade unions has gone up to over 900 but with a weak average membership of not more than 1000. Thus in 1978, in an attempt to maintain sense of direction and provide a rallying point for trade unionism, the government regrouped and streamlined the 920 unions in existence to 42 functional industrial unions.

Table 4.6: Structure of Unions (1978 - 1994)

Type of Union	1978	1986	1988	1994
Industrial Unions	42	42	41	41
Senior Staff Association	15	18	21	20
Employers' Association	9	22	22	22
Professional Unions	4	4	4	4
All	70	86	88	86

Source: Sola FAJANA (1996)

Table 4.6 presents the picture of the number of trade unions by type. It shows that from 1978 to 1986, 1988 and 1994 the figures are 42, 86, 88 and 86 respectively. The industrial unions have been playing their economic, social, and political roles within the limits afforded than by hostile and unstable public policies and practices. For instance, Academic Staff of Union of Universities (ASUU) succeeded, after a long period of strike in 1992/1993 academic session, in securing a review of condition of service in Nigerian Universities. The same method was employed in 1994/1995 session, to force government to obey its agreement of 1992, this instead of generating positive response from government, led to the decentralization of the Union to institutional level. The break of the union's national coverage drastically reduced its pushfulness and consequently, its effectiveness in defending the interest of its members.

In reconciling the positions of the three main labour market institutions identified above, the statutory dispute settlement procedure is usually followed. Dispute settlement machinery provides a meaningful approach to the accommodation of conflict between employers and their employees. However, when the process fails to arrive at a consensus, unions often results to strike. Strike has been a very important weapon, though distasteful, through which unions have influenced Nigerian industrial atmosphere and consequently the wage level.

Simply put, the government, private employers and trade unions play critical role in wage determination process in Nigeria. Over the years, issue of friction between these institutions rest on how to arrive at acceptable wages. Thus, wages in Nigeria is

institutionally determined and not by market forces pointing to rigidity instead of flexibility. Therefore the crisis cycle usually experienced in the determination process reveals the need for an acceptable modality of wage adjustment to which the three institutions could agree. Thus, in what follows the wage condition and effect on the economy is examined.

4.4 Wage Condition and Effect in Nigeria

One of the most critical elements in any labour market is wage rate. Wage rate sets the level of individual pay and earning, and to a considerable degree, the living standards of families and individuals. Also wages provide incentives for the movement of labour among geographical areas, occupations, industries, and for the acquisition of skills.

In Nigeria, real wages especially in the public sector have been cut through a virtually constant nominal wage and rising prices. For example, between 1992 and 1996 Nigerian workers irrespective of their sector experienced general decline in the percentage change in their compensation packets (see Table 4.7). The decline is such that even in the Oil and Gas industry the percentage changes fluctuated from 50 percent to 7.5 percent in 1996. It is worst in the public sector where the percentage of changes declined from 63.1 percent in 1992 to 1.0 percent in 1996. This reveals a gross irresponsiveness of nominal wage changes to the inflationary trend which has serious consequence for real income. A better picture of the situation is captured through the trend of the public sector employees' wages on table 4.8. It shows marginal changes in nominal wages across the key grade levels between 1986 and 1996. At the real wages and salaries ends, is a continuously falling real earning between 1986 and 1996. Specifically, in 1996 the real wages of an officer who earned ₦7037.84 on grade level 15 in the public service was ₦266.78.

Table 4.7: **Percentage Changes in Workers Compensation (1985 Base Year)**

Industrial Sector	1992	1993	1994	1995	1996
Whole System	20.1	26.1	8.5	7.5	7.1
Oil and Gas	50.0	10.0	30.0	15.0	7.5
Agriculture	16.5	28.4	5.5	13.4	13.4
Other Industries	16.7	9.5	5.2	4.8	5.3
Wholesalers & Retail	19.1	24.9	5.0	7.5	7.5
Finance & Insurance	9.8	49.6	5.0	5.0	5.0
Government Service	63.1	35.0	15.3	1.1	1.0
Other Service	15.7	18.2	7.9	9.4	6.6

Source: FOS: Review of Nigeria Economy. P 5. 1997

Table 4.8: Real Take Home' Wages and Salaries in the Public Sector (1986-1996)

Year	All Items CPI Sept. 1985 = 100	Actual Wages and Salaries N/month			Real Wage and Salaries		
		GL.01	GL08	GL.15	GL.01	GL.08	GL.15
1986	105.4	175.00	485.00	1220.50	166.03	460.15	1157.97
1987	117.3	178.50	498.50	1239.60	152.17	425.34	1056.78
1988	181.2	275.50	526.40	1249.60	151.77	290.51	689.62
1989	272.2	312.00	558.28	1335.42	114.59	204.72	489.70
1990	292.8	350.00	590.16	1421.24	119.54	201.56	485.40
1991	330.0	410.00	718.06	1421.24	123.90	217.00	429.51
1992	478.4	982.08	1854.92	3713.00	205.43	387.73	776.13
1993	751.9	1373.63	2648.04	5263.50	182.68	352.18	700.03
1994	1180.7	1493.60	3102.24	6505.00	126.45	262.75	550.94
1995	2040.4	1561.62	3850.62	7037.84	79.08	189.21	379.66
1996	2638.1	1561.62	3850.62	7037.84	59.19	145.96	266.78

Source: FOS: Review of Nigeria Economy, pp. 120 -1997

This was so because the inflation rate which was 18.9% before the introduction of SAP rose to about 57 percent per annum on the average.

Some of the consequences of this harsh decline in real wages include: severe erosion of the consumer purchasing power and sagging consumer demand. This development has had implication for production as firms found it unprofitable to expand production when their warehouses were loaded with unplanned excess stock of finished goods. For instance, Federal Office of Statistics' Annual Abstract of Statistics (1997) shows that between 1994 and 1995, capacity utilization fell from 43 percent to 30 percent in the manufacturing sector. Also, value of output shows a downward trend by falling from ₦205,848 million to ₦191,649 million in the same period. Thus, investment and employment in the productive sector are under serious threat. Second is malnutrition at individual workers' level which has serious implication for workers' productivity and health. Third, development of dual job holding, which has resulted in the investment of high proportion of workers' time and energies in other informal economic activities in attempt to maintain real income and keep their body and soul together. The consequence of this development is general lack of commitment and inefficiency at public work place. Fourth, is the fuelling of corruption and breakdown of values in the public sector and other facets of our national life; and fifth, is the turbulent industrial atmosphere generating a lot of man -day-lost. For example, table 4.9 is presented to assess the frequency of disputes and strikes, workers engaged in and the duration of the strike. Between 1986 and 1992 the number of trade disputes increased substantially from 87 in 1986 to 221 in 1992. On the

average, about 60% of the trade disputes ended up in strike. The strike rate is considered rather high and could be seen as a reflection of a wave of unrest and chaotic industrial atmosphere. The sharp decline in trade dispute to 160 in 1993 was caused by national political crisis of the June 12 election annulment. This led to a total paralysis of all economic activities for several months within the year. By 1994 as economic activities were returning to normalcy, dispute started to rise because of the harsh economic environment not reflected in the wage paid to Nigerian workers.

The implications of the various trade disputes and strike for the growth of the Nigerian economy can only be appreciated when the man-day-lost is considered. Between 1990 and 1994 the economy lost an annual average of about 49 million man-days. To be more specific, in 1994 alone, 234,307.748 man-days were lost to strikes. This, of course, has had grave consequence on the growth rate of GDP. For instance, since human resource cannot be stored, the contribution of all the workers involved in the reported strikes have been lost by the economy. Annual growth rate fell from 8.3 percent to 1.3 percent within the period. This brings to the fore the importance of establishing an acceptable modality of wage adjustment for the maintenance of peaceful industrial atmosphere.

Table 4.9: Trade Dispute and Strike (1986 - 1996)

Year	Trade Disputes (A)	Work Stoppages	% of B/A	Workers Involved in Strike	Man-Day Lost
1986	87	53	60.9	157,165	461,345
1987	62	38	61.3	57,097	142,506
1988	156	124	79.5	55,620	230,613
1989	144	80	55.5	157,342	579,968
1990	174	102	58.6	254,540	1,339,105
1991	204	117	57.4	460,471	2,257,382
1992	221	124	56.1	238,324	966,611
1993	160	90	56.3	880,224	6,192,167
1994	199	110	53.3	1,541,146	234,307,748
1995	196	124	63.3	1,564,328	235,069,010
1996	114	101	88.6	1,246,119	165,901,430
Average	156	97	63	599,489	58,858,899

Source: Annual Abstract of Statistics, 1991, 1993, 1996,1997.

4.5 Wage Adjustment Experience of other Countries

In practice modality for wage determination adjustment varies across countries. The experience in Nigeria is such that wage adjustment only takes place after a long and unspecified period of time. Wage adjustment has become a political tool in the hand of the government to buy public support. However, wage determination and adjustment if properly understood is a critical economic issue affecting different aspect of a nation's economic life.

Countries where this fact is appreciated do not subject their wage determination and adjustment process to political manoeuvring. Rather, they base them on critical economic signals. For instance, table 4.10 shows the pattern of wage adjustment across 18 countries of the world. From the experience of these countries; Tunisia, Luxembourg, Gabon, France and Belgium practised wage indexation to consumer price movement. In the U.S.A., Quadrennial wage review process is adopted. Brazil, Netherlands, Australia and Holland adjust wages once in every six months. Costa Rica, Mexico and Spain review their wages annually. Bangladesh, Pakistan, Ecuador and Panama practise wage review once in every 2 to 3 years. Lastly, India adjust her own wage rate at least once in 5 years. In these countries wage is determined by collective bargaining with some degree of national coordination. The fact that the labour market condition of these countries may be different from that of Nigeria is not disputed. The issue is that wage is not market determined as to suggest the possibility of flexibility. However, the country could learn from the experience of these countries to break the cycle of wage crisis in the labour market by fashioning out an acceptable wage adjustment frequency. A clear insight from the countries considered

is that wage adjustment is carried out in a way that inflation is not allowed to erode in any significant manner, the workers standard of living. This is a critical lesson that has not been learnt in Nigeria as a means of curbing corruption, dual job holding, inefficiency and instability in the production process.

Table 4.10: Wage Adjustment's International Officially Agreed Frequency

COUNTRY	FREQUENCY
Costa Rica	Annual
Mexico	Annual
Brazil	1969-1979- Biannual, since 1979 Biannual
India	At least once in 5 years (1948 Act)
USA	Triennial Review (1974 law) Quadrennial Review (1977 law)
Bangladesh	Once in every two-three years
Pakistan	Once in every two-three years
Ecuador	At least once every two years
Panama	At least once every two years
Australia	From 1975, once in six months
Netherlands	Once every six months
Spain	Every April additional revision if inflation rate rises by at least 5%
Belgium	Each month that national consumer price index rises to two percent
France	Each month that national consumer price index rises to two percent
Gabon	Each time that consumer price index rises up to four percent since 1964 and two percent since 1974
Luxembourg	Each month that national consumer price index rises to around two percent
Holland	Twice a year in the line with changes in an official index of negotiated basic pay rules.
Tunisia	Each time that inflation rises by five percent (1977-1981 social pact)

Source: Minimum wage fixing by Gerald Star, ILO. [see Punch of September 8th, 1998]

4.5 Concluding Remarks

This chapter has examined the labour market condition under the structural adjustment programme, focusing on salient characteristics of the market. The aim is to lay a good foundation for the understanding of the functioning of the Nigerian labour market.

What emerges from the analysis is that the market is characterised by an unemployment problem. It involved high under employment rate and presence of barriers to smooth inter-regional and inter-state employment opportunities. Besides are three key critical institutions: the government, the organized private sector (OPS) and the trade unions. These institutions constitute barriers to smooth functioning of the labour market in the form of extensive control of wage determination and adjustment. It is found that the friction in wage negotiation between these key institutions usually precipitates industrial crisis with attendant cost on the economy. Clues from other countries show that acceptable institutionalized modality for wage adjustment could be established to stamp out wage crisis cycle in Nigeria.

The existence of barriers and controls of various forms in the market process shows that the market does not conform to the propositions of the Neo-classical paradigm which form the basis of Structural Adjustment Programme (SAP) and against which the extent of flexibility could be adjudged. This is because wages are not market determined, implying that the prevailing wage cannot act as indicator for demand and supply interaction in the market.

CHAPTER FIVE

LABOUR MOBILITY AND EMPLOYMENT CONDITION

5.1 Introduction

Labour mobility is defined as change of employer resulting from movement between jobs. Therefore, it may or may not refer to movement that causes changes of occupation, industry and or geographic location. However, both situations will be considered for proper understanding of manpower mobility in Nigeria. By the term employer, the study refers to an enterprise. Changes within an enterprise that has more than one establishment is also recognised and treated under internal labour mobility analysis in subsequent section of this chapter.

Mobility trends are the outcome of a number of factors, namely, the state of aggregate economic activity, especially, the labour market condition on the ease or difficulty with which individual employees can obtain alternative employment; institutional or policy variables i.e extent of trade unionism, and accessibility to information; the size of economic incentives such as wages and its differentials; the readiness or ability of workers to respond to such incentives (OECD, 1986).

However this analysis focuses on the impact of employment condition on Labour mobility. The aim is to show how the labour market circumstances in respect of job opportunities shape workers decision to move across occupation, industry and geographical areas. Therefore, in what follows, the study discusses the features of the manufacturing firms from which the workers were sampled and the characteristics of the workers covered. Also, an assessment of the forms of labour mobility, especially when it involves

change of employer, geographical location, occupation, industry and sector was conducted. Beside this internal labour market mobility experience which involves job changes with the same employer was examined. The chapter was rounded up with the analysis of job-tenure and quits in relation to the prevailing employment opportunity in the economy.

5.2 Manufacturing Firms' Characteristics

The analysis was based on the mobility experience of 708 manufacturing workers drawn from 36 firms in Lagos and Kaduna. Out of the 36 manufacturing firms covered during the survey, only 15 responded to firm specific information, specifically, 5 of them were from Kaduna and 10 from Lagos. Analyzing the characteristics of the firms, we found that 11 of them were established before SAP was introduced in 1986 and 4 after the introduction of SAP (See table 5.1).

Table 5.1: Firms' Characteristics

PERIOD ESTABLISHED	FREQUENCY	%
Before SAP	11	73.3
After SAP	4	26.7
Total	15	100
SIZE OF WORKFORCE	**FREQUENCY**	**%**
Less than 50	1	6.7
50 less than 100	3	20.0
100 less than 500	7	46.7
500 less than 1000	1	6.7
1000+	3	20.0
TOTAL	15	100

Source: Author's Survey, 1997.

Table 5.2: Female Representation and Capacity Level of Employment

Female Representation	Frequency	%
Less than 5%	10	66.6
5 - 10%	1	6.7
30 - 40%	3	20
Above 50%	1	6.7
TOTAL	15	100
Capacity Level of Employment	**Frequency**	**%**
0 - 20%	1	6.7
21 - 40%	1	6.7
41 - 60%	1	6.7
61 - 80%	4	26.6
81 - 100%	8	53.3
TOTAL	15	100

Source: Author's Survey, 1997

With reference to size, the firms interviewed were considerably large. As shown in Table 5.1, 26.7% of the firms had a workforce that was less than 100. About 53 percent of the firms control between 100 and 1000 workers, while the remaining 20% of the firms have more than 1000 employees. To explore the gender dimension of the workforce at firms' level, Female representation across the firms was obtained and the frequency is presented on table 5.2 female participation rate was generally very low in the firms as 66.6 of the firms had less than 5 % of their workforce being female. The four manufacturing firms where the rate of female participation was relatively high (i.e 30-40 percent and above 50%) were: Apex Mill; Nigeria and German Chemical; Consolidated Food and Beverages Limited; and Doyin Industries Limited. Close observation of these firms during survey shows that the women were employed to manually carry out the product packaging. The women involved were mainly unskilled workers who were not well educated.

Examining the employment capacity [Labour absorption capacity] of these companies, the study shows a generally high employment capacity utilization. For instance, in not less than 12 of the firms (i.e 79%), the employment capacity utilization was above 60 percent, while only one firm had employment capacity that was less than 20%. The firms were asked to indicate why they could not operate at full capacity level. Responses to this question shows that the harsh economic environment was a predominant factor. 66.7 percent of the firm indicated the economic condition. Opinion of 13.3 percent of the firms shows limitation from market coverage, 6.7 percent indicated scarcity of raw materials, while the remaining 13.3 percent pointed to inadequacies of management as reasons. Thus,

the economic environment was the most significant factor that affected the ability of manufacturing firms to employ labour at full capacity level.

5.3 Socio-demographic Characteristics of the Study Population

In all, 708 manufacturing workers responded to our questionnaires out of 1000 target. The age structure shows a relative concentration of the respondents in age bracket 25 to 44 years which could be taken as a young age group. All things being equal, mobility is expected to be high for group of workers dominated by younger age group. With reference to sex, 85 percent were male and 13.3 percent were female. This is not a reflection of survey discrimination against female but rather a reflection of the general representation of females in the manufacturing industry. Across each of the firms, the proportion of female workers to the overall staff strength ranged between 0 and 10 percent generally. However, in enterprises where production activities were dominated by manual process, higher proportion of female to male was reported. Specifically, in Doyin Industries, Consolidated Food and Beverages, Nigerian-German Pharmaceutical and Apex Mill, the concentration of female workers ranged between 34 percent to 70 percent (Table 5.3). The sex distribution indicated here suggests an expectation of relatively lower mobility among workers because of high male concentration. This is because male workers are usually more stable than female workers.

Examination of the marital status of the workers shows that 66.4 percent are married and 31.2 percent single. With regard to education, 4.2 percent had primary education, 34.2 percent secondary education, 18.4 percent had gone through technical/polytechnic education, and 34.7 percent had university education. If all workers

who had gone through tertiary education were combined, over 53 percent of the workers had higher education. This depicts a high concentration of well educated employees in the Nigerian Manufacturing Industry.

Considering the workers qualifications, 4.2 percent held Primary School Leaving Certificate, 34 percent held either Modern Secondary School or Senior Secondary School Certificate, 16.1 percent held trade Test/City and Guild Certificate, 20.1 percent are NCE/OND/HND Certificates holders, and 24.3 were holders of Degree or Higher Degrees (Table 5.4). Thus, School Certificate holders predominate, most likely because they fit into almost every production/administrative section of any manufacturing firm for general assignment.

In terms of field of study or specialization, respondents were drawn from virtually all known fields of studies though in different proportions. Workers who trained in Administration and Accountancy predominated with a share of 26.2 percent of all the workers. This is followed by the ones in Engineering field with 20.3 percent share. Other fields such as Arts, Law, Medical, Science/Agriculture, Social Sciences, Technical oriented studies etc had shares ranging between 0.1 and 8.7 percent. Grouped among others were the employees without specific field such as Drivers, Cleaners, Gatemen and Manual workers.

Table 5.3: Socio-Demographic Characteristics of Manufacturing Firms' Employees

CHARACTERISTICS	NUMBER	PROPORTION
Age	**No**	**%**
15-24 years	44	6.2
25-34 years	344	48.6
35-44 years	195	27.5
45-54 years	70	9.9
55^{+} years	1	0.1
No Response	54	7.6
TOTAL	708	100
Sex	**No**	**%**
Male	605	85
Female	94	13.3
No response	9	1.3
TOTAL	708	100
Marital Status	**No**	**%**
Single	221	31.2
Married	470	66.4
Divorced/Separated	08	1.1
Widowed	01	0.1
No Response	08	1.1
TOTAL	708	100
Education	**No**	**%**
Primary	30	4.2
Secondary	242	34.2
Technical/Polytechnic	130	18.4
University	246	34.7
Others	47	6.6
No Response	13	1.8
TOTAL	708	100

Source: Author's Survey, 1997.

Table 5.4: Manufacturing Employees Qualification and Field of Studies

Qualification	Number	Proportion
Primary School Leaving	30	4.2
Cert.	241	34.0
SSCE/Modern SSC	114	16.1
Trade Test/C&G	142	20.1
NCE/OND/Nursing/HND	172	24.3
Degree/Higher Degree	9	1.3
Others		
TOTAL	708	100
Field	**Number**	**Proportion**
Admin../Accountancy	186	26.2
Arts/Education	40	5.6
Engineering	144	20.3
Law	1	0.1
Medical	13	1.8
Sciences/Agric.	62	8.7
Social Sciences	29	4.1
Technical field	43	6.0
Other	176	24.9
TOTAL	708	100

Source: Authors' Survey, 1997

5.4 Forms of Mobility Among Manufacturing Workers in Nigeria

Manpower mobility could take three main forms (though there are other complex forms) namely, occupational, geographical, and Industrial mobility. Other complex forms include: sectoral mobility i.e. between private and public, geographical mobility that is accompanied by change in occupation or industry; mobility between employment and unemployment, movement into and out of labour force, and internal mobility.

Out of all these, the study explores geographical, occupational, sectoral, industrial, and internal mobility of labour. These were chosen because of their implication for the labour market functioning in Nigeria. A well functioning labour market is expected to permit mobility in any direction that would ensure proper match of manpower with existing employment opportunity

5.4.1 Geographical mobility

Geographical mobility refers to a change of district or regional location consequent on job change. While it is possible for geographical mobility to take place without the influence of labour market developments/ condition, most of geographical changes are motivated by labour market signals. Insight from previous studies (see O.E.C.D. 1986) shows that short distance mobility is more common than long. Improved communication and transportation facilities have, however, diminished the barrier of distance in mobility decision.

In our survey, workers were asked to indicate if they had changed their geographical location as a result of job change. Out of the 428 workers who responded to the question, 340 i.e. 79.4 percent of the workers had for one reason or the other changed

geographical location. An examination of the factors responsible for the change of location among the workers shows that: 14.1 percent changed location because of internal mobility resulting from transfer to another branch; 31.8 percent of this group of workers changed geographically to join another employer or firm, 22.9 percent of the change was as a result of marriage/marital factors, 17.4 percent resulted from the search for better environmental condition, and 19.1 percent of the workers were motivated to change location for better wages and improved economic status. Thus, if those who had changed location to take up another job and for better wages were pulled together, 50.9 percent of the workers would have changed geographical location for employment related purposes (Table 5.5).

Table 5.5: Factors in Geographical Changes as a Result of Job-Change

Reasons	Yes		No		Total
	Freq.	Percent (%)	Freq.	Percent (%)	
Transfer By Employer to Another Branch	48	14.1	14	15.9	62
Join Another Employer/Job	108	31.8	28	27	136
Marriage/Marital Reason	19	5.6	4	4.5	23
Better Environmental Condition	59	17.4	10	11.3	69
Better Wages/Improved Economic Status	65	19.1	11	12.5	76
Others	41	12.1	21	23.8	62
TOTAL	340	79.4	88	20.6	428

Source: Author's Survey, 1997

Further, we examined the two survey locations against state of origin of the workers to establish if there were sufficient inter-regional mobility for employment purpose in Nigeria. Our findings show that all the workers who were of Northern States origin were mostly Kaduna inclined while majority of those from the West, East and Mid-west States show more inclination towards Lagos. Table 5.6 shows the regional distribution of workers against the survey location. Specifically, 93 percent of the 211 manufacturing workers who were of Northern origin worked in Kaduna while only about 7 percent of them were in Lagos area. Similarly, 86.7 percent of the 317 manufacturing workers who were from the West worked in Lagos. In the case of the workers who were of Eastern origin, 56 percent worked in Lagos out of the 78 workers sampled, leaving the remaining 44 percent for Kaduna. Also, in respect of the mid- westerns among the workers, 64.4 percent work in Lagos while 36.5 percent work in Kaduna.

The pattern of geographical mobility shows a high degree of attachment of workers to their region. This is confirmed from the data analysed on table 5.6. On the table we notice a continuous decrease of the proportion of manufacturing workers for Lagos labour market as we move from West to the Mid-West and finally to the East.

Table 5.6: Workers' Region of Origin by Survey Location

SURVEY LOCATION/ WORKERS REGION OF ORIGIN	LAGOS	%	KADUNA	%	TOTAL
NORTHERN STATES	14	0.7	197	0.93	211
WESTERN STATES	275	0.87	42	0.13	317
EASTERN STATES	44	0.56	34	0.44	78
MID-WESTERN STATES	52	0.69	30	0.37	82
TOTAL	385	0.56	303	0.44	688

Source: Author's Survey, 1997

Specifically, the proportion of Westerners working in Lagos was 86 percent. For the mid-westerners, the proportion was 63 percent. While for the easterners the proportion was 56 percent. Thus, the farther away the lower the proportion of workers in the sampled establishment recorded. This implies that inspite of improved communication and transportation facilities the effect of regional restrictiveness was still significant.

5.4.2 Occupational mobility

Enterprises do not just recruit labour, but into a series of specific jobs, which requires different types of skill level. While unskilled and non-production oriented employment require only aptitudes which are not specific to one firm, other assignments or tasks for which people are employed in the manufacturing industry require good background training, skillfulness, and wide range of experience not shared by many employees. Occupational mobility is a change from one class of job to another. A worker shifts occupationally when he gets trained for and takes up employment in a job completely different from his previous line of profession. Evidence from the literature shows that the occupational group to which a worker belongs has a strong influence on his propensity to change occupation. Specifically, occupational mobility is more common among labourers and semi-skilled workers than among skilled craftsmen. This is supported by Mackay et al (1971), that occupational mobility tends to take place more frequently between adjacent occupational groups than between those which are widely separated in terms of the type and level of skill required.

With reference to direction which occupational mobility could follow, downward and upward Occupational mobility is widely recognised in the literature. First, Occupational mobility is downward when a worker in possession of a more sophisticated

skill settles for a lesser skill profession during slack labour market condition. Second, upward occupational mobility occurs when a worker shift to an occupation considered more sophisticated and of higher skill content.

To analyze the volume and type of occupational mobility, factors which impede and facilitate occupational mobility as identified by Mackay et al (1971) are: predominance of technology that make available labour force to be composed of quite distinct levels and types of skill. Such condition could be identified by predominance of requirement for highly specific and skilled crafts. In this case, unless there is a substantial shift of relative earnings, it will not be normally economic to move out of the original profession to a new one. However, when the existing technology requires low levels of skills, occupational mobility is facilitated. Also, occupational mobility is facilitated when the job structure is of the sort that the training and experience obtained on the job assist the employee to master the tasks required in performance of another. Occupational mobility tends to be encouraged when markets are tight. However, in slack markets little incentives exist towards drawing labour from other occupations because well trained and experienced labour of the required type are readily available. Also, an attempt by trade union to preserve certain type of work for its own members, or for those with a particular type of training or qualification may impede the amount of occupational mobility which would otherwise take place.

In labour market flexibility, occupational mobility is a means of adjusting volume and type of skill to structural changes in the labour market. It may not necessarily be upward, because displaced workers may either get retrained and change occupations to

prevent the experience of structural unemployment or accept lower paid job of less favourable working conditions.

To examine the experience of manufacturing workers in Nigeria, the occupational mobility among the workers were analysed. This was done by comparing the nature of previous assignments of workers with their current job description. First, when the technician group on the previous occupational line was examined against their current employment, table 5.7 shows that: out of the 101 workers who were technicians on previous employment about 38% engaged in current jobs which were considered close to or same with previous profession. Such included gateman, security, operator, technician, and programming, grouped as Technician. For this group, occupational mobility in terms of shift was minimal because the workers previous training were very relevant to proper performance on the current jobs There were those who from previous technical assignments now handle clerical, driving, secretarial, and sales distribution grouped as general administrative work. This group of occupations are of lesser skill specificity compared to the previous technical line of the workers. Thus, it could be adjudged as a downward occupational mobility for about 26 percent of workers involved. Also, about 35% of observed mobility went into occupation which are considered widely separated from the previous technical assignments they held. These occupations include personnel management, accounting/auditing, supervision, store keeping, engineering and nursing. This form of mobility is held as an upward occupational mobility.

Second, examining the production control group on the previous occupational classification, it was found that 253 of the workers previously handle production control related assignment. Analysed against their current employment, about 19 percent were in

occupations such as technician, quality control, store and supervisory which required the workers' previous skill and experience and therefore, considered as mobility into occupation that are close or on the same line of skill requirement. Also, 107 of the 253 workers moved into current employment considered to be of lower skill standard, thus, it is a form of downward occupational mobility. Such current employment were grouped as technician and general administration (i.e gateman/security, operator, driving, clerical, reception/secretarial, general administration and sales). However, an upward occupational mobility was noticed among 58 of the workers who engaged in assignments such as personnel management, accountancy/auditing, production, engineering and nursing.

Third, when the 52 workers in teaching profession on previous assignments were considered, 61 percent of the workers moved on the downward occupational mobility direction. They engage in profession such as gateman/ security, operator, clerical, reception/secretariat, general administration and sales (grouped into Technician and general administration. The remaining 39 percent moved into personnel management, accounting, supervisory, store keeping, production engineering and quality control jobs which are in upward occupational mobility direction.

Notably, with reference to mobility pattern significant proportion of mobility found among these workers were into relevant line of occupation, across occupational classification. This is expected because period of structural adjustment programme in any economy with respect to the labour market is a time of adjustment between professional aspirations based on educational attainments and labour market opportunities. Such adjustment does not preclude acceptance of being over qualified for a particular job secured. Therefore, adequate provision of education and training opportunities can be a positive force for workers to develop a career pattern. This enhances manpower mobility across occupation into workers ultimate area of occupational interest and satisfaction.

Table 5.7: Workers Previous Occupation by Current Occupation

Current Occupation/Previous Occupation	Technician A	Personnel Management	General ADM B	Accounting /Audit	Supervisory	Store Keeping/ Purchasing	Production Engineering and control	Nursing	Others	
Technician	38	7	26	8	8	1	8	2	3	101
Production Control	107	10	56	20	20	6	23	5	6	253
Teaching	25	2	13	5	03	1	3	0.00	0.00	52
Steward/Cleaner	11	1	0.00	0.00	02	1	3	0.00	1	20
Clerical/Office Assistant	3	0.00	0.00	01	03	0.00	0.00	0.00	02	12
Nursing	0.00	0.00	0.00	0.00	0.00	0.00	0.00	01	0.00	02
No Response	111	5	46	16	17	8	18	0.00	10	231
TOTAL	296	25	144	50	53	17	56	08	22	671

Source: Author's Survey, 1997

5.4.3 Sectoral mobility

The Nigerian labour market was divided into the civil service(i.e public sector), private sector, religious agency and those that could not be classified under the three were grouped as others. Table 5.8, shows that 19.4 percent of the workers interviewed within the manufacturing industry were previously civil servants. This is a form of mobility across sectors bearing in mind that the manufacturing industry belong to the organised private sector. However, the most common form of mobility among the workers was the intra-sectoral mobility i.e movement of workers within the private sector. Specifically, about 75 percent of the workers were, by the nature of their previous employment, in the private sector. Thus, while there was evidence of workers movement from public to private sector, intra-sectoral mobility was more predominant among workers in the private sector. This could be a reflection of the comparatively better condition of service in the private sector as against the public sector.

5.4.4 Industrial mobility

Industrial mobility was analysed by examining the industries from which the workers interviewed came to the current industrial base. The information was obtained from workers voluntary indication of the industrial class which their previous employment belong. From the response of the workers seven main industrial classifications were adopted in this study, namely, Agriculture/forestry, Mining and Quarrying, Manufacturing and Processing, Building and Construction, Transport and Communication, Insurance and Banking, and Community, Social and Personal services industries. The report on table 5.9 shows that out of the seven classes, mobility of workers from manufacturing and

processing industry dominated with 52.9 percent of the workers. This implies that most of the workers only engaged in intra-industry mobility. This, perhaps, is because employers generally exhibit preference for the nature of previous industrial experience of job seekers . Beside, this mobility is also noticed from Agriculture/Forestry, Mining and Quarrying, Building and Construction, Transport and Communication, Insurance and Banking, and Community and social services industries into the manufacturing industry. However, proportionally, such mobility is considered very low. This shows that a person's previous industrial base has strong employment implication on the subsequent industry where such a person could work.

Table 5.8 Sector of Previous Employment

SECTORS	NUMBER	%
Civil service	97	19.4
Private Sector	376	75.1
Religious Agency	6	1.2
Others	22	4.4
TOTAL	501	100

Source: Authors Survey, 1997

Table 5.9: Industrial Sector of Previous Employment

INDUSTRIAL SECTOR	NUMBER	PROPORTION
Agriculture/Forestry	14	2.9
Mining and Quarrying	3	0.6
Manufacturing and Processing	255	52.9
Building and Construction	44	9.1
Transport and Communication	16	3.3
Finance, Insurance, Banking	39	8.1
Community, Social and Personal	35	7.3
Others service	76	15.8
Total	482	100

Source: Author's Survey, 1997.

5.4.5 Frequency of job mobility

The study examined the working history of the manufacturing sector workers with respect to the number of jobs they had held in various company within the country. Our finding on table 5.10 shows that 29.9 percent of the workers had worked in one place. 56 percent had worked in between 2 and 3 places before joining the current employment they were on.

About 14 percent of the workers who were considered highly mobile had moved between 4 to 6 jobs in their employment history. Thus, the average frequency was between 2 and 3 movements though no judgement could be made on this single figure with respect to labour market flexibility.

5.5 Internal Mobility for Manufacturing Workers

Internal mobility of workers involves changes of department or establishment within the same company/organisation. The possibility of this depends on the organisational size of the firms which the workers belong. It could take the form of promotion or just general transfer of an employee to another branch or unit of the same organisation.

Table 5.10 Frequency of Job Mobility

FREQUENCY	NUMBER	PROPORTION
1	182	29.9
2	201	33.1
3	139	22.9
4	56	9.2
5	16	2.6
6	14	2.3
TOTAL	608	100

Sources: Author's Survey, 1997

In this study, sizable enterprises such as Nigerian Breweries, Guinness, Apex Mill, Doyin industries and many other big and well established manufacturing firms were covered.

The report on Table 5.11, shows that frequency of internal mobility among workers range between 1 and 5 movements in the current establishment. Specifically, 64.3 percent of the workers had moved once. 30.4 percent had moved twice and 5.2 percent of the workers had experienced movement through about 3 to 5 departments in the same organisation. Overall, workers have an average internal mobility of one movement. Though, the reason for the internal movement of workers could not be explained, their tenure in each department was examined. Workers were asked to indicate the average length of time spent in the departments where they have worked within their organisation. It was found that the average tenure in each department for all the workers was 2 years. Thus, internal mobility among the workers is on the high side (see table 5.12).

5.6 Job-Tenure and Quits Among Manufacturing Workers

Job tenure and quit rate are complementary measures of Labour mobility, based on inter-personal data of manufacturing workers. Since this section makes use of inter-personal primary data of manufacturing workers in Nigeria, job tenure is taken up, and followed by a consideration of its implications for labour market flexibility.

Table 5.11: Inter-Departmental Mobility Within Firms

MOVEMENT	FREQUENCY	PROPORTION
1	401	64.3
2	190	30.4
3	22	3.5
4	4	0.6
5	7	1.1
TOTAL	624	100

Source: Author's Survey, 1997.

Table 5.12: Average Tenure of Workers in Departments Within Manufacturing Firms

TENURE	FREQUENCY	PROPORTION
1 Year	113	26.4
2 years	117	27.3
3 years	102	23.8
4 years	36	8.4
5 years	25	5.8
6 years	14	3.3
7 years	22	5.1
Total	429	100

Source: Author's Survey, 1997.

Job-tenure provides point-in-time information about individual worker, turnover is a flow concept seen from the perspective of the organisation. Data on job-tenure were generated by asking workers how long they had been with their present employers. These cover the period of employment from the beginning to the date of the survey. Its relevance derives from the fact that it enables us to assess the stability of contractual employment arrangements in an economy. A generally stable contractual employment will manifest inform of long job-tenure in the labour market and implies low labour mobility.

Table 5.13 compares the job tenure in the previous and current employment of the working population in the manufacturing industry. About 81 percent of the workers did not spend up to 5 years in their previous employment before changing whereas, only 35 percent of the workers was in that class on current job. However, while about 15 percent spent a tenure of between 6 and 15 years on previous job, not less than 40 per cent was in that range of job tenure on current appointment. For the longer year of service of 16 years and above only 2.6 percent of the workers stayed that long on previous appointment as against about 12 percent who had already spent 16 years and above on current job. In all, the average tenure was 2 years for previous job compared to about 3 years on current employment. Thus, there is an increased job tenure for an average manufacturing worker from the previous to current appointment. This implies a reduction of the extent of labour mobility, more so that as at the time of survey, the workers were still staying on their current job.

The relatively longer tenure on the current job to previous job could be a reflection of two considerations. First, the commonness of relatively high job mobility at the early

stages of many workers' working life due to movement from temporary to more permanent and usually better jobs [OECD, 1986]. Thus, obtaining a subsequently better employment may take a longer time. Second, the longer tenure is a response to the increasing slack in the labour market and harsh economic environment which Nigerians have been experiencing since the late 1980s.

Table 5.14 shows the reasons for quiting previous employment. The most significant factor from the workers' response was remuneration. Specifically, out of nine possible classification of reasons for quit, 39.5 percent left previous employment on account of better remuneration. 12.2 percent moved due to desire for better service condition and larger firm size. 11.5 percent of the quits was as a result of plant closure and operational instability. Involuntarily, 7.2 percent of the workers quit because of retrenchment and termination of appointment. 8.8 percent left former jobs for further schooling/training.

Table 5.13: Job Tenure on Previous and Current

PERIOD	PREVIOUS JOB	CURRENT JOB
	PROPORTION	PROPORTION
(0 - 1yrs)	28.1	7.4
2 - 5 years	53.8	27.6
6 - 10 years	11.9	27.2
11 - 15 years	3.5	13.2
16 - 20 years	1.3	5.8
21 years +	1.3	5.8
TOTAL	100	100
MEAN	2.0 years	2.932 years

Source: Author's Survey, 1997.

Table 5.14: Reason for Quiting Previous Appointment

REASONS	NUMBER	PROPORTION
To Secure Better Pay	175	39.5
Prospect for Exposure, Increase Skill and challenging	38	8.6
Better Condition of Service/Firm Size	54	12.2
Plant Closure/Operation Instability	51	11.5
Suppression of Trade Unions	03	0.7
Retirement	03	0.7
Retrenchment/Termination	32	7.2
Further School/Training	39	8.8
Others	48	10.9
TOTAL	443	100

Source: Author Survey, 1997.

Less than 1 percent quit for retirement reason. while about 11 per cent left their former job for various insignificant reasons classified as others. Included in these were: loss of technical skill, closeness to home town, distance to residence location, change of environment, delay in salary payment, excessively long working hour, family problem, etc. Table 5.15 shows the manner of quits. About 81 percent left the previous employment for the current job voluntarily, and about 19 percent left involuntarily as a result of plant closure and termination.

Reasons for quiting previous appointment by survey locations are presented on table 5.16. Comparatively, there were some difference in the two labour market areas on reasons for quit. For instance 46.6 percent of the workers in Kaduna quit previous employment for the current one because of better pay, whereas in Lagos the proportion of workers who indicated that reason was 34.7 percent. About, 16 percent of quit in Lagos were due to better condition of service and company size as against 7.3 percent of Kaduna workers who quit for the same reason. Also while retrenchment/termination was higher among workers in Lagos compared to Kaduna, Plant closure and operational instability was more pronounced in Kaduna than Lagos as factors in workers' mobility. Thus, some form of differences existed in workers' experience across the two areas. However, generally the mobility of workers from previous job to the current employment in the two areas was largely as a result of voluntary decision of individual workers.

Table 5.15: Classification of Quit into Voluntary and Involuntary

REASONS	LAGOS		KADUNA		OVERALL	
	Number	%	Number	%	Number	%
Voluntary	211	79.6	146	82	357	80.6
Involuntary	54	20.4	32	17.9	86	19.4
TOTAL	265	100	178	100	443	100

Source: Author's Survey, 1997

Table 5.16: Reasons for Quiting Previous Appointment by Survey Locations

LOCATION/REASONS	LAGOS		KADUNA		TOTAL
	Number	Proportion	Number	Proportion	
To Secure Better Pay	92	34.7	83	46.6	175
Prospect for Exposure increased skills and challenges.	26	9.8	12	6.7	38
Better Condition of service/company size	41	15.5	13	7.3	54
Plant Closure/Operational Instability	29	10.9	22	12.4	51
Suppression of Trade Union	1	0.35	2	1.1	03
Retirement	2	0.7	1	0.5	03
Retrenchment/Termination	23	8.6	9	5.6	32
Further Schooling	21	7.9	18	10.1	39
Others	30	11.3	18	10.1	48
TOTAL	265	56.1	178	43.9	443

Source: Author's Survey, 1997.

Whatever the reasons behind the movement from previous appointment to current employment, the important insight is that job tenure is getting longer on current employment than on previous employment. This is an indication that mobility has significantly declined for all the workers on current employment. To explain the longer tenure noticed among workers on current employment, the workers perspective of the labour market condition was examined. This is because workers' impression about their prospect in the labour market had implication for their possibility of moving or staying. First, each manufacturing worker was asked to indicate how easy he/she thought about securing alternative jobs in the labour market in the next six months. The responses on table 5.17 show that about 60 percent of the workers were of the impression that it was not all that easy while 7.2 percent held the view that it was not possible. Thus, about two thirds of them saw the labour market as slack and in distress. By implication, a working population with this impression of the labour market condition would be circumspect with the current job and may not want to risk job search investment. Furthermore, about 64 percent were of the impression that the chance of their unemployed colleague securing job in the next six months was slim, while about 5.5 per cent claimed that it was not possible.

Table 5.17: Labour Market Prospect

Labour Market Prospect	Quite Easy	Some how Easy	Not All that Easy	Not possible	Total
Possibility of securing job in next 6 months	82 (12.9)	130 (20)	379 (59.5)	46 (7.2)	637 (100)
Chances of Unemployed Colleagues in securing job in the next 6 months	52 (7.9)	148 (22.2)	421 (64.1)	36 (5.5)	657 (100)
Employment Opportunity in their Current Establishment	41 (6.2)	165 (25.1)	441 (67)	11 (1.6)	658 (100)

Source: Author's Survey, 1997.

When asked about employment opportunity in their current establishment, 67 percent indicated that it was not all that easy and 1.6 percent held the view that it was not possible. In essence, the emerging picture of the Nigerian labour market condition at the time of our survey is that employment opportunities are not easy to come by. The deteriorating employment condition cannot but have implication for the increased length of job-tenure found among the workers.

Concluding Remark

An analysis of the impact of employment condition on manpower mobility has been conducted in this chapter. The empirical analysis shows that mobility of labour is restricted geographically along regional lines. This point to the existence of some tribal and political barriers inhibiting proper integration of the country's labour market. Occupation wise, significant adjustment of professional aspiration resulting from the nature of existing employment opportunities was demonstrated by the workers.

Generally, average job-tenure was found to be longer on the workers' current employment than on previous appointment. This implies a reduction in labour mobility and points to the existence of stability among these workers. Examination of the factors responsible for low mobility from the expressed impression of the workers shows that the Nigerian labour market is slack and in distress consequent on the harsh economic environment. It is expected that such impression cannot but generate high degree of caution among the workers before making any move.

CHAPTER SIX

MANPOWER MOBILITY AND LABOUR MARKET FLEXIBILITY

6.1 Introduction

The extent to which the labour market environment permits the labour force to adjust to developments in the economy provides an indication of labour market flexibility. The issue of concern in this study is manpower mobility and its implications for labour market flexibility. Manpower mobility occurred when workers joined or left a plant. It is herein defined as the versatility and ability of manpower to move across employers, industries, occupation and geographical area in response to economic signals. There are two principal measures that could be used to explain the phenomenon: labour turnover and job-tenure.

As regards turnover, the concept involves both leaving and accession processes. The whole processes are very important to the economy because adaptation to changes in labour requirements as a result of economic adjustment is worked out through them. It is the impact of these movements on the economy that matters in the labour market flexibility analysis. Ordinarily, labour turnover is the number of workers that are hired by a firm to fill the places of workers who have left in a particular period. It is made up of two flows, an inflow (the rate of accession) and an outflow (the rate of separations). Nevertheless, separation is usually held more important in the literature. The rate of separation is the proportion of workers who leaves an organisation in a particular year to the total number of employees of the organisation. It is referred to as general quits rate (GQR) in this analysis. In addition, rate of separation can usefully be sub-divided into voluntary and

involuntary quits. Separation or quit is voluntary when an employee quits of his own choice and involuntary when the quit involves all losses for reasons beyond the control of the individual. Voluntary quit comes nearest to a measure of voluntary mobility because it represents choice made by workers. Also, it permits an investigation of the influence of social and economic variables in the manner not possible with the involuntary quit rate. Information on turnover, general quit, voluntary and involuntary quits were obtained for the year of interview (1997) and presented in table 6.1.

With regard to job-tenure, it refers to the length of time an employee spent with an enterprise. Job-tenure is a different, though complementary, measure of mobility. This is because while tenure provides point-in-time information about individual worker, turnover is a flow concept seen from the perspective of the organisation. Data on job-tenure were generated by asking workers how long they had been with their present employers. These cover the period of employment from the beginning to the date of the survey. Its relevance derives from the fact that it enables us to assess the stability of contractual employment arrangements in an economy. Stability of contractual employment arrangement is the antonym of labour mobility. If, for instance, the economy is dominated by long-lasting employment relationships between employers and workers, mobility can be said to be low and vice-versa. In this regard, job-tenure indirectly measures mobility. Beside these data, the tenure on the previous job of each of the workers was also obtained. This afforded us the opportunity of comparing the average tenure between previous and current appointment for the employee (see table 5.13).

In relating labour market flexibility to manpower mobility, an appeal was made to the Neo-classical paradigm. In the paradigm, a flexible labour market is expected to establish appropriate wages and wage rates. On the basis of the wage rates, full employment of all categories of labour might be obtained. From this premise, the necessary condition for labour market flexibility is for there to be considerable labour mobility. The required labour mobility in this case will be in form of high turnover, high voluntary quit rates and short or declining job-tenure. The sufficient condition is for such turnover and quit rates or job-tenure level to be greatly accounted for by wage factor. Thus, the study took interest in the statistical significance of wage factor in the quit rate function, especially when voluntary quit rate is found to be high or job-tenure is found to be short.

6.2 Labour Turnover: Quit and Accession

In this section, manpower mobility was analysed from the labour turnover data of manufacturing enterprises. Table 6.1 shows the turnover rates of the firms covered during the survey and four other related rates. Turnover rates were obtained by the summation of the general quit rate (GQR) and the accession rates (ACR). GQR is made up of involuntary quit rates (IQR) and voluntary quit rates (VQR).

As shown on the results of labour turnover rates, the firms can be grouped into three main categories based on their turnover rates behaviour. There was the comparatively high turnover rates group of firms, namely: Eslon Limited, Apex Mill and Nigeria Textile Mill (NTM). These three manufacturing firms, though shared common range of turnover rates, have peculiar organisational features which have implication for their turnover level.

Eslon Limited and NTM had high turnover rates as a result of higher accession rates. Their General Quit rates [GQR] were lower than 10 percent. However, Apex Mill had a high turnover rate due to high GQR. In reference to Eslon, it was established few years before our survey and thus, to expand production process, recruited 36 percent of its employees in the survey year.

In the case of NTM, it was an old organisation established in 1960 and before the year of our survey, it had suffered serious set-back given the harsh economic environment leading to labour shedding. At the time our survey took place, major reconstruction and change of obsolete machine and equipment were being undertaken to restructure the establishment. The restructuring exercise also involved employment of new hands to put the firm on normal course of production, hence, the high accession rate.

With regard to high turnover rate in Apex Mill, the study's investigation showed that the firm was affected by the harsh economic environment. This resulted in impaired production capacity utilization, leading to a reduction in staff strength. For instance, Apex Mill though very old belong to the pulp, paper products, printing and publishing sector of the manufacturing industry. The sector has suffered serious set back due to the poor economic climate. The half-yearly economic review of MAN showed that the sector exhibits very low capacity utilization of about 26% in 1996 (year preceding our survey). As a reflection of the capacity utilization condition in the sector, Apex Mill was only able to maintain 14% of the number of workforce it could employ under normal circumstance. According to the firm in the year of our survey, 35 percent of the workforce was dropped with only 5% replacement. This was attributed to the harsh economic condition, resulting

in poor market for products. Therefore, while the high turnover rate of Eslon and NTM were due to the firms' peculiar characteristics, Apex Mill turnover behaviour was as a result of poor economic condition affecting its sector.

The second group of firms were those with turnover rate between 20 and 29 percent, namely, Nigeria-German Chemical (Niger Chem), Consolidated Food and Beverages (CF&B) and Dunlop PLC. In CF&B and Dunlop Plc accession rates were higher than their general quit rates. This was a form of healthy development in terms of employment. The higher accession rates pointed to expansion of workforce in the two firms within the survey year.. Going by the firms characteristics, Dunlop Plc is an old company and well diversified in products. Thus, when tyre does not sell well, other products such as floor tiles, adhesives, rugs, rubber pipe etc could be marketed. CF&B in its own case sells food related items which are necessities in household cooking. However, in the case of Niger Chem, a distressful situation pointing to a shrinking workforce was observed. This is because the firm's accession rate was very low compared to the general quit rate. Beside, all the quits from the firm were as a result of lay-off and termination of appointment. The main factor responsible from the organisational perspective was the depressing economic situation in the country.

Table 6.1: Quit Rates and Accession Rates

Case No		Turnover	GQR	IQR	VQR	ACR
1.	Eslon Ltd.	0.45	0.09	0.06	0.03	0.36
2.	Apex Mill	0.40	0.35	0.26	0.09	0.05
3.	Nig-Germ che.	0.20	0.15	0.15	0.00	0.05
4.	C.F&B Ltd.	0.27	0.08	0.04	0.04	0.19
5.	Doyin Ind.	0.12	0.02	0.00	0.02	0.10
6.	N.T.M.	0.34	0.09	0.04	0.05	0.25
7.	Plastic Ind.	0.04	0.02	0.02	0.00	0.02
8.	Tower Ikeja	0.06	0.03	0.02	0.00	0.04
9.	N.B.L.	N.A.	N.A.	N.A.	N.A.	N.A.
10.	Dunlop	0.24	0.10	0.07	0.03	0.14
11.	Tower Otta	0.09	0.09	0.08	0.01	0.00
12.	Carnaud Metal	0.11	0.10	0.09	0.01	0.01
13.	Sunglass	0.08	0.08	0.06	0.02	0.00
14.	T-Galva	0.14	0.14	0.11	0.03	0.00
15.	I.B.B.I.	0.05	0.05	0.04	0.01	0.00

Source: Computed from Author Survey's data, 1997

Key: GQR - General Quit Rate
IQR - Involuntary Quit Rate
VQR - Voluntary Quit Rate
ACR - Accession Rate

In the third group were about two third of the firms with very low turnover rates below 15 percent. The firms were, namely, Doyin Industries, Plastic Industry, Ikeja Tower Aluminum, Ota Tower Aluminum, N.B.L, Carnaud Metalbox, Sunglass, Tower Galvanizing Products and I.B.B.I. For this group, the general quit rates and accession rates were very low. Except for Doyin industries, the accession rates were below 4 percent for all the firms. Within this group, both young and old manufacturing firms experienced low accession rates and general quit rates. This points to the prevalence of low labour mobility from and into most of the firms, suggesting an inclination towards labour stability.

Further, on table 6.1, the involuntary quit rate (IQR) and voluntary quit rate (VQR) were examined. IQR was found to be generally higher than VQR, pointing to a state of distress for the organisation and individual employees affected. In relative terms, Apex Mill, Niger Chem and Tower galvanizing products exhibited higher IQR than other firms. This seems to show that the prevailing economic condition affected the production process of these firms than all others. By and large, IQR was on high side for all the firms and in most cases above VQR. This shows a high involuntary outflow of workers from the manufacturing organisations and carried the effect of worsening the unemployment situations in Nigeria. Overall, low labour mobility was observed. The level of mobility was dominated by involuntary outflow of employees due to labour shedding resulting from uncomfortable economic environment for the firms.

6.3 Determinants of Job-Tenure

Assessment of the extent of labour mobility and the analysis of its determinant is the subject of this section. The investigation is crucial in order to draw the implications of the observed manpower mobility on the extent of labour market flexibility in the country.

To accomplish this aim five sets of stepwise regression analyses were conducted using the Burton and Parker (1969) model (see chapter three). The first model was conducted using 690 cases of the manufacturing firms' workers interviewed. To conduct the other four analyses, the data were disaggregated into workers organizational production line to allow for comparative analysis. The second model was analyzed using the 197 textiles workers cases. In the third model the 74 food and beverages workers data were used. The fourth model made use of the 119 workers of breweries and the fifth model used 209 Rubber and plastic manufacturing firms' workers data.

The general performance of the estimated equation was presented on table 6.2. The explanatory power of the equations were evaluated on the basis of statistical criteria of R^2, adjusted R^2 and F value. Though the R^2 was not very high, the high F value recorded for each of the equations show a statistically significant result at 5 percent level, exemplifying credible explanatory power of the model estimated. Further observation of the equations results shows that the larger the sample size the more robust the results were. For instance, the larger the sample size, the more the number of variables significant in the stepwise regression analysis.

6.3.1 All Industries

The result of the first equation for all industries covered by our survey in the manufacturing sector is presented on table 6.3. Out of the seven variables examined in the stepwise regression analysis, five were accepted as significant by the equation. The significant variables were, Age, educational level, marital status, union pushfulness and wage in order of their entry into the stepwise regression process. However, accession and sex dropped out of the model. Out of five significant variables, wage only entered the regression process at the last step (i.e step 5), where the result was concluded.

Examining the performance of the equation statistically, all the t-value proved statistically significant. Apriori, Age and job-tenure is recognised in the literature as positively related. As a result, older workers from our sample of employees put in more year of service. Thus, wastage decreases with age.

The second variable in order of entry was education level with a negative sign. This is consistent with our expectation because education increases mobility and, therefore, reduces job tenure. The third variable in the order was marital status, showing a positive relationship with job-tenure. This implies that married people tended to stay longer than the single.

Table 6.2 Summary of the Statistical Performance of the Models

Model	Sample Size	R^2	R^2 (Adjusted)	F	Step at which the Regression was Concluded
All Industries	690	0.29	0.29	58.1	5
Textile Industry	197	0.29	0.28	41.44	2
Beverages Industry	74	0.15	0.14	13.45	1
Breweries Mfg. Industry	119	0.36	0.35	67.64	1
Plastics Industry	209	0.34	0.33	37.27	3

Table 6.3: General Stepwise Regression Result of Model 1 (Job-Tenure)

	Step 1 Age	Step 2 Educ. Level	Step 3 Marital st	Step 4 Union Pushfulness	Step 5 Wage
R^2	0.24	0.27	0.28	0.29	0.29
Adjusted R^2	0.23	0.27	0.28	0.28	0.29
F	219.8	131.2	92.9	71.3	58.1
Constant	0.88 (0.12)	1.53 (0.16)	1.24 (0.18)	1.41 (0.20)	1.46 (0.20)
t-value	14.83	- 5.70	3.48	-2.26	2.03
Age	0.72 (0.05)	0.70 (0.40)	0.61 (0.50)	0.61 (0.05)	0.60 (0.05)
Educ. Level		- 0.22 (0.04)	- 0.20 (0.03)	- 0.19 (0.03)	- 0.21 (0.03)
Marital Status			0.28 (0.08)	0.26 (0.08)	0.24 (0.08)
Union Pushfulness				- 0.07 (0.03)	- 0.07 (0.03)
Wage					0.05 (0.02)
Sample Size	694	693	692	691	690
Beta	0.49	- 0.18	0.12	-0.07	0.06

Therefore, the single exhibited high tendency in mobility. An inverse relationship was found between union pushfulness and job-tenure at the forth step. This shows that when unions were effective mobility reduces. In essence, effectiveness of union was an incentive for workers to stay on their job.

The least in the rank was wage variable. It exhibited positive relationship with job tenure. This suggests that all things being equal, higher wages will encourage people to stay on. Overall, the five variables were statistically significant, however, in terms of relative impact wage variable rank least.

6.3.2 Textile Industry

Beyond the heterogeneous analysis conducted on all the firms irrespective of product line, we desegregated the analysis. Result for the textile industry is presented on table 6.4. Going by the result, only Age and Education enter the stepwise regression analysis, while other variables dropped off. Age exhibited a positive relationship with job tenure, but in the case of educational level, negative sign is observed. The signs were consistent with our a priori expectation. However, of the two variables age was comparatively more important in terms of impact going by the Beta value. In particular, wage was not accommodated in the stepwise regression result.

6.3.3 Food and Beverages Industry

In the result of the regression equation for this industry only one variable was recognised. All others did not enter the stepwise regression process. As reflected on table 6.5. Age was the only recognised and significant variable. As obtained for others results, the variable carried a positive sign confirming that wastage decreases with age.

6.3.4 Breweries Manufacturing Industry

For breweries, only Age was recognised as statistically significant on table 6.6. As reflected in the previous result it carried expected sign. Notable in the result for this industry was the higher R^2 of 0.36 recorded. This showed a quite stronger impact of age on job-tenure in breweries than other industries.

6.3.5 Rubber and Plastic Industry

The result of the stepwise regression analysis for this industry is presented on table 6.7. Three variables, namely, age, education and wage were accommodated as significant in the equation. All the three variables exhibited expected signs. In particular, wage was recognised by the stepwise regression result, however, it came last in the impact ranking.

Evaluating the result against possible econometrics problems such as auto correlation and multi-collenearity. Auto correlation is a peculiar problem in time series based data so it is not expected in this analysis. And if the problem of multi-collenearity occurred we would not have had any result.

Table 6.4: Stepwise Regression Result of Model 2 (Textile Industry)

	Step 1 Age	Step 2 Educational level
R^2	0.27	0.29
Adjusted R^2	0.27	0.28
F	74.65	41.44
Constant	0.93 (0.21)	1.45 (0.28)
t-Value	8.64	-2.50
Age	0.70 (0.08)	0.66 (0.06)
Education		-0.16 (0.06)
Sample Size	198	197
Beta	0.52	-0.15

Table 6.5: Regression Result (Foods And Beverages Industry) of Model 3

	Step 1 Age
R^2	0.15
Adjusted R^2	0.14
F	13.45
Constant	0.94 (0.37)
t-Value	3.66
Age	0.55 (0.15)
Sample Size	74
Beta	0.60

Table 6.6: Stepwise Regression Result (Breweries Manufacturing Firms) of Model 4

	Step 1 Age
R^2	0.36
Adjusted R^2	0.35
F	67.64
Constant	0.43 (0.30)
t-Value	8.22
Age	0.99 (0.12)
Sample Size	119
Beta	0.60

Table 6.7: Stepwise Regression Result of Rubber and Plastic Manufacturing firms' workers (Model 5)

	Step 1 Age	Step 2 Education	Step 3 Wage
R^2	0.26	0.32	0.34
Adjusted R^2	0.25	0.31	0.33
F	75.44	49.85	37.27
Constant	0.87 (0.21)	1.74 (0.28)	1.76 (0.28)
t-Value	8.68	-4.25	2.92
Age	0.73 (0.08)	0.71 (0.08)	0.66 (0.08)
Education	-	-0.29 (0.06)	-0.36 (0.07)
Wage	-	-	0.19 (0.06)
Sample	211	210	209
Beta	0.51	-0.24	0.18

6.4 Labour Market Flexibility

Within the macro-economic framework of the Nigeria's Structural Adjustment Programme, the ruling labour policy emphasises labour market deregulation. Characteristically, labour market flexibility is the hallmark of such policy. A flexible labour market within the theory is expected to establish appropriate wages and wage rates on the basis of which full employment of all categories of labour might be obtained.

In consonance with this theory, the necessary condition for flexible labour market is for there to be considerable labour mobility. The labour mobility is expected to manifest in forms of high turnover and short or declining job-tenure. The sufficient condition is for such turnover and quit rates or job-tenure level to be greatly accounted for by wage factor.

Going by the preceding results of our stepwise regression, in the analysis of all industries' result, wage was accommodated as one of the significant variables. When the data were desegregated industrially by product lines, wage was only recognised under the Rubber and Plastic industry. In the two cases where wage featured, it ranked last. By and large, the influence of wage on job-tenure was not so strong compared to the other statistically significant variables. Thus, in terms of mobility, wage was not a factor that exercised strong influence. Summarily, our hypothesis that wage exercises no significant influence on labour mobility is to a large extent confirmed.

In reference to our finding in chapter five, restricted labour mobility was evident in the study population. This study's result showed that it was not wages that influenced the workers' desire to stay on. From the survey result, though people were willing to stay on, it

was a case of discontentment in the work place. It would, therefore, appear that the nation is confronted with the phenomenon of labour "stability illusion".

For instance, when economic condition is good and employment opportunities are available, long job-tenure (i.e low mobility) as in the case of our findings would be a reflection of labour stability. In such circumstances, it might be a consequence of better matching between employers and employees. Employment stability, then, provides basis for increased productivity, and reflects social peace and high investment in firms specific training. However, a case where stability of labour is found from the experience of workers who carried the impression that the labour market was slack and employment opportunity not easy to come by, point to the existence of stability illusion. This form of labour stability is usually occasioned by lack of jobs elsewhere even when the internal environment of the firms suggests the need to move (see Oladeji, 1992).

The cumulative evidence from the foregoing is that the country's labour market is yet to show sufficient flexibility, especially in the Neo-classical sense. In terms of the necessary condition for labour market flexibility, the emerging picture is one of long job-tenure as opposed to short one. And as already established, the influence of wages on tenure was not so strong, further invalidating the fulfilment of the labour flexibility thesis condition.

CHAPTER SEVEN

SUMMARY AND IMPLICATIONS OF THE STUDY

7.1 Highlight of Main Findings

Attempt has been made in this study to examine manpower mobility in Nigeria and the implication it has for labour market flexibility. To achieve this aim the study analyzed the labour market condition under the structural adjustment programme. Among other things, the analyses focused on salient characteristics of the market. What emerged from the analyses were that the market was characterized by high unemployment and underemployment problems. Besides, the analysis showed that inspite of the introduction of the structural adjustment programme (SAP), the existence of structural and institutional constraints was still noticed in the public sector. These constraints manifested in form of wage and employment controls; and cultural and political impediments which constituted serious barriers to mobility of Nigerian workers in search of employment outside their region and states of origin. These impediments to a large extent are perceived as obstacles to the efficient match- making role of the labour market as a whole in Nigeria. Thus macro-wise, the market has been characterized by institutional barriers propelling rigidity instead of flexibility.

Labour turnover and other related rates such as quit and accession were analysed using some selected manufacturing establishments in Nigeria. Examinations of the quits dimension of the turnover trend showed a generally high involuntary quits as a manifestation of the effect of the harsh economic climate on the operation of manufacturing firms. The

low voluntary quits observed were considered a result of the shrinking opportunity for alternative employment within the economy. Also, the accession rates across the firms were generally low indicating poor human resource absorption. Thus, there was a prevalence of low labour mobility inspite of the adjustment programme. This was held, more or less, a case of labour stability illusion manifesting in a seeming stable contractual employment arrangement albeit not based on workers satisfaction but rather lack of alternative employment opportunities

The issue of manpower mobility profile, especially with respect to its forms and extent was taken up. Generally, the study shows that workers were more inclined to their region of origin. This supports previous findings which point to the existence of some forms of regional restriction inhibiting proper integration of the country's labour market. Occupation wise, few observed mobility in this direction was connected with adjustment of professional aspiration resulting from the nature of existing employment opportunities under the economic condition.

The analysis of the extent of labour mobility was approached through job tenure. On the average, job-tenure was found to be getting longer on current employment than previous employment. This pointed to progressive manifestation of restrictive labour mobility in Nigeria. On this basis, we accepted the first hypothesis, that there existed restricted labour mobility in the Nigeria labour market. Investigation into the factors responsible, through the workers opinion, shows that it was a problem of distress in the Nigerian labour market consequent on the harsh economic environment.

In the stepwise regression analyses conducted on all the industries and for the disaggregated data along product line, age, educational level, marital status, union pushfulness and wage were generally recognised. Out of the five analyses, wage featured as a significant variable in two cases. In all the cases where wage was recognised, it ranked last. This shows that the influence of wage on job-tenure was not so strong compared to other statistically significant variables. In reference to mobility, therefore, wage is not a factor that would exercise strong influence. On this premise our hypothesis that wage does not exercise significant influence on labour mobility is to a large extent confirmed.

In essence the findings of long job-tenure as opposed to short one and the observed comparatively weak influence of wages on job-tenure invalidate the fulfilment of the labour flexibility thesis condition. The cumulative evidence in this study does not suggest serious drive towards labour market flexibility. This conclusion renders suspect the potency of the neo-classical remedy to the country's employment problem.

7.2 Implications for Labour Market Development

The basic findings of this study show that the existing labour market in Nigeria does not conform to the kind envisaged in the Neo-classical prescription for addressing employment problems. The emerging issue rest on what could be done to the country's labour market. An alternative is to call for deliberate government intervention, supplanting the operation of the market forces. The other alternative is for there to be fundamental labour market reform, such that labour market is made to function as prescribed by the Neo-classical Economists. Our preference is in support of the latter, namely, labour market reform for conformity of Nigeria with the global drive towards market oriented economic system.

In reforming the country's labour market, the following are expected:

(i) reduce government overbearing attitude in the market, especially in the area of the wages and employment legislation;

(ii) evolve appropriate measures to enhance labour mobility across states, regions and sectors, which could include removal of employment discrimination in public service across Nigeria states;

(iii) create an enabling economic environment for manufacturing firms in attempts to increase employment opportunity through provision of improved infrastructural facilities and introduction of incentives to encourage the expansion of the manufacturing activities in Nigeria.

7.3 Limitations of the Study and Areas for Further Research

The study relied on cross-section data which were collected between September and December 1997. A limitation of the data is that it is a point in time data. This did not enable us to evaluate the time series dimension of quit rate across the firms. This would have given some insight into the dynamism of the labour market.

Also, poor response was recorded on firms specific data collection. Only 15 firms responded inspite of our pressure on them. This poor response hindered the possibility of subjecting the data to regression analysis in the way we have done on inter-personal data. Thus, our analysis of organisational based data was restricted to descriptive level. We were limited by the sample size of the data, especially when it comes to disaggregation. Also, our information capitalises on only workers staying on the job and not those that had left. Thus, the study in a way is an indirect approach to the analysis of labour mobility. Beside, the

scope of the study was limited to some selected manufacturing firms. In reference to areas of further study, the study on hand has only covered the labour mobility experience of employees in the manufacturing sector of the Nigerian Economy. Thus, the forms and processes of manpower mobility in the Banking, Transport and Communication, and enterprises in Trade were not covered in this study. This shows the need for a multi-sectoral study of labour mobility to present a more robust analysis of labour market flexibility. Also, further research effort into factors determining mobility at the inter-firms level are of crucial importance.

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APPENDIX 1

Questionnaire One

MANPOWER MOBILITY AND LABOUR MARKET FLEXIBILITY DURING ADJUSTMENT PERIOD IN NIGERIA.

SURVEY OF MANUFACTURING FIRMS' EMPLOYEES LABOUR MARKET EXPERIENCE.

Dear Respondent,

This research questionnaire is designed to obtain information on your labour market experience in Nigeria since the adjustment programme was introduced in 1986. The information is mainly for the purpose of private academic research in the Department of Economic, Obafemi Awolowo University, Ile-Ife.

We intend to examine your employment experience with the aim of identifying the determinant of workers' desire to change job, occupation and geographical area in Nigeria.

You are assured that the questionnaire is in no way connected with the government and/or taxation nor any attempt to probe unnecessarily into your private affair. Your response will be treated with the strictest confidence.

Your cooperation is sincerely appreciated as it will greatly enhance the quality of this study. Thank you.

Abayomi Adebayo
Research coordinator.

Date Interview is conducted_____.

SECTION A: DEMOGRAPHIC CHARACTERISTICS.

1. Age_____

2. Sex_____

3. State of origin_____

4. Marital Status: (I) Single (ii) Married (iii) Divorced/Separated
   (iv) Widow
   (v) Others

5. If married, how many children do you have?_____

6. Religion_____

7. Please indicate your highest educational attainment:
   (I) Primary education (ii) Secondary Education
   (iii) Technical/Polytechnic Education (iv) University Education
   (v) Other
8. Indicate the qualification obtained_____
9. What is your major field of study_____

SECTION B: <u>EMPLOYMENT EXPERIENCE</u>

10. Indicate the length of time between when you completed your educational training and when you got job. _____ Yrs/Months

11. When did you start work with your present employer? 19_____

12. How did you get to know of vacancy for job in your present firm?
    (I) Newspaper Advertisement
    (ii) Through a relative/Friend
    (iii) Through one of the Company's Employees
    (iv) Company's Notice Board
    (v) Just Applied without Information
    (vi) Consultancy firm
    (vii) Through Employment Exchange office

13. At what rank/cadre did you join this firm? _____

14. What is your present rank/cadre? _____

15. Did you have to receive additional training before you could work in the present post? (I) Yes (ii) No

16. What kind of training have you gone through since you join this firm? _____

17. What is your present assignment/work in this firm (e.g technician, secretary, gateman, etc)? _____

18. Which department are you in this firm? _____

19. How many workers are in your department? _____

20. How long have you been in this department? _____

21. What is your monthly total take home pay? ₦_____

22. Why do you prefer your present job to others? _____

23. Do you have part time work/business?
(I) Yes (ii) No

24. What is your part time occupation/business _____

25. What is your estimated monthly Income from part-time work / business? ₦_____

SECTION C: MOBILITY EXPERIENCE

26. In how many departments have you worked within this firm? _____

27. State on the average the length of time spent in the departments _____ months/Years

28. Before joining this company, in how many places have you worked? _____

29. Please Indicate the last place you have worked before joining this organisation
(I) Name of employer_____
(ii) Nature of work_____
(iii) Wage level per month_____
(iv) Period spent_____
(v) Reason(s) for leaving_____
(vi) Town/State where you work_____

30. Indicate the Sector of previous Employment:
(I) Federal Government Ministry/Parastatal
(ii) State Government Ministry/Parastatal
(iii) Local Government

(iv) Personal/Family Business
(v) Religious/Voluntary Agency
(vi) Private sector
(vii) Others_____

31. Indicate the industrial sector which your previous employment belong.
(I) Agriculture/Forestry
(ii) Mining and Quarrying
(iii) Manufacturing and Processing
(iv) Building and construction
(v) Transport and Communication
(vi) Finance, Insurance, Banking and Business services
(vii) Community, Social and personal service
(viii) Others

32. Have you ever changed your geographical location?
(I) Yes (ii) No

33. Indicate the most important reason for change in location
(I) Transfer by Employer to another branch
(ii) Join another employer/Job
(iii) Marriage/Marital reason
(iv) Better Environmental Condition
(v) Better Wages/improved Economic Status
(vi) Others_____

34. In the last one Year have you written any application for an alternative job?
(i) Yes (ii) No

35. If yes,
(a) How many of such application have you sent out so far? _____
(b) How many interviews have you attended?_____
© How many employment offers have you received so far? _____

36. If you are proposing to leave the present job, indicate the alternative employment you have in mind.
(I) Private sector (Another PLC)
(ii) Personal/Family business
(iii) Religious/Voluntary Agency
(iv) Federal government/Ministry/Parastatal appointment
(v) State government/ Ministry/Parastatal appointment
(vi) Local government appointment
(vii) Banking Industry
(viii) Oil Industry

37. Indicate as appropriate your likelihood of leaving your present job in:

	Not likely	Likely	Most likely	Certainly
Next 3 months				
Next 6 months				
Next 1 year				
Next 2 years				

SECTION D: LABOUR MARKET ASSESSMENT/EMPLOYMENT PROSPECT

38. If you decide to seek for an alternative job, how easy do you think you can secure one in the next six months?
(I) Quite easy ( ) (ii) Somehow easy ( )
(iii) Not all that easy ( ) (iv) Not possible ( )

39. Considering your unemployed colleagues in the same profession, skill or level of Education, how do you rate their chances of getting job in the next 6 months?
(I) Quite easy ( ) (ii) Somehow easy ( )
(iii) Not at all easy ( ) (iv) Not possible ( )

40. In general, What is your impressing of the employment opportunities in your organisation?
(I) Quite easy ( ) (ii) Somehow easy ( )
(iii) Not at all easy ( ) (iv) Not possible ( )

41. For you to leave the present job for another one now, what is the least amount (salary) per month you will be prepared to accept? ₦_____ per month

42. Please indicate one or two things you would miss if you just have to leave this organisation

_____

_____

_____

SECTION E: INDUSTRIAL RELATIONS

43. Do you have a registered trade Union in your organisation?
(I) Yes_____ (ii) No_____

44. If yes, are you a financial member of the Union?

Yes_____ No_____

45. What are the conditions for membership?

46. How effective (bargaining strength) has your Union been in the following areas?

		Very Effective	Effective	Somehow effective	Not Effective
(I)	Better wage conditions				
(ii)	Hours of work				
(iii)	Allowances [e.g. Leave, Housing, Car, overtime etc.]				
(iv)	Pension and Gratuity				
(v)	Job security				
(vi)	Industrial safety and occupational health.				

47. Indicate the overall bargaining strength of your Union in the organisation

_____

_____

_____

48. How does your judgement on the effectiveness of your Union affect your prospect of staying on/leaving the present organisation?
(I) Quite strong (ii) Strong (iii) Somehow strong (iv) Not at all

SECTION F: WELFARE PROGRAMME AND JOB SATISFACTION

49. Indicate whether your service conditions include the following:

Benefit	Yes	No
(I) Medical Allowance		
(ii) Children Education Allowance		
(iii) Gratuity		
(iv) Pension		
(v) Housing loan		
(vi) Vehicle loan		

50. At what time period/cadre in your working experience with this organisation are you due for these benefits?

Benefits	Time period due for the benefits (Year of service)	Cadre
(I) Medical		
(ii) Children Education Allowance		
(iii) Gratuity		
(iv) Pension		
(v) Housing loan		
(vi) Vehicle loan		

51. Kindly indicate as appropriate, how you feel about the following aspects of your organisation:

Aspects	Not satisfied	A bit satisfied	somehow satisfied	satisfied	Quite satisfied
(a) Company & Management					
(b) Financial rewards/salary					
© Job security					
(d) Promotional opportunities and status					
(e) satisfaction with supervision					
(f) Satisfaction with co-workers					
(g) Nature of Job / Job content					

52 Considering the totality of your employment and service condition in this organisation, how do you feel?
(I) Quite satisfied (ii) Satisfied (iii) Somehow satisfied
(iv) A bit satisfied (v) Not satisfied.

SECTION G: EMPLOYMENT CRISIS DURING ADJUSTMENT

53 In your work experience, have you ever been laid-off? Yes_____ No_____

54 For how long were you laid-off? _____

55 What are the reasons for lay-off?
(a) Fall in demand for company's product
(b) Shortage/scarcity of raw materials
© Under Capacity Utilization problem
(d) Fall in profitability
(e) Mismanagement/Administrative problem
(f) lay-off to discipline as a result of misdeed of the worker

56 Are you reabsorbed by the organisation that lay you off? Yes____ No_____

57 If not reabsorbed, how did you survive the crisis?
(a) Engages in family/personal business
(b) Took up odd jobs while waiting for another appointment.
© Depended on parent/relative spouse
(d) Others (specify)

58 Have you ever suffered retrenchment? Yes _____ No _____

59 If yes, why did the organisation retrenched you?
(a) Personal misdeed
(b) Fall in demand for company product
© Management/administrative problem
(d) As a result of restructuring policy in the organisation
(e) Fall in profitability
(f) Under Capacity Utilization

60 For how long did you remain unemployed?

61 How did you survive?
(a) Engages in family/personal business
(b) Took up odd jobs while waiting for another appointment.
© Depended on parent / relative / spouse.
(d) Others (specify) _____

APPENDIX 2

QUESTIONNAIRE TWO

MANPOWER MOBILITY AND LABOUR MARKET FLEXIBILITY DURING ADJUSTMENT PERIOD IN NIGERIA.

SURVEY OF MANUFACTURING FIRMS' LABOUR MARKET EXPERIENCE

Dear Respondent,

This research questionnaire is designed to obtain information on your firm's experience in the labour market since the Structural Adjustment programme was introduced. The information is mainly for the purpose of private academic research in the Department of Economics, Obafemi Awolowo University, Ile-Ife.

The contribution of your firm to human resource utilization and training in the Nigerian economy is appreciated and as such we intend to examine your firm's recruitment and wastage experiences with the aim of identifying the determinant of labour mobility in Nigeria.

We assure you that the questionnaire is in no way connected with government and/or taxation or any attempt to probe unnecessarily into the operation of your firm. Your response will be treated with the strictest confidence.

Your cooperation is sincerely appreciated as it will greatly enhance the quality of this study. Thank you.

Abayomi Adebayo
Research Coordinator

Date of Interview _____

Field Worker's Name _____

SECTION A: FIRM'S CHARACTERISTICS

Q1. Year of establishment _____

Q2. What is the size of your workforce (i.e No of employees)? _____

Q3. How many are Male_____ and Female_____

Q4. What is the full capacity level of employment_____

Q5. Why has it been difficult for you to operate at full capacity level?
(a) Economic Condition/Environment
(b) Inadequacies Within Management
© Scarcity of raw material
(d) Market Coverage

Q6. What are your major products? _____

_____

_____

Q7. Indicate in ascending order employees possible grade by Cadre

Management	Senior Staff Cadre	Junior Staff
1.		
2.		
3.		
4.		
5.		
6.		
7.		
8.		
9.		
10.		

Q8. Indicate the number of employees in each Cadre of your Organization:
(I) Management Cadre _____
(ii) Senior Staff Cadre _____
(iii) Junior Staff Cadre _____

Q9. WAGE CHANGES

Variables	1986/87	1996/97
(a) Average Wage level (I) Management Staff (ii) Senior Staff (iii) Junior Staff		
(b) Value added per Worker (productivity)		
© Number of female Workers		
(d) Number of Non-production Staff		
(e) Number of production Staff		
(f) Prices of major products of your organisation (I) (ii) (iii) (iv) (v) (vi)		
(g) Capital Stock (book value)		
(h) Number of Employees		

Q10. Indicate what factor(s) influence wage determination in your organisation
(a) Government Regulation
(b) Agreement between the firm and employees Union
© Sensitivity to turn-over rate
(d) Productivity

Q11. How many times has your firm reviewed wage level since the introduction of SAP in 1986 _____

SECTION B: LABOUR MOBILITY AND CONDITION OF SERVICE

Q12. How many of your employees have left the establishment in the last one year?
_____

Q13. Tick the main reasons

Reasons	Tick (√)	Number
(I) Lay off		
(ii) Termination of appointment		
(iii) Resignation		
(iv) Death		
(v) Retirement		
(vi) Sickness		
(vii) Others		

Q14. How many of your employees joined your firm in the last one year? _____

Q15. How did you connect these employees for employment:
(a) Newspaper advertisement
(b) Employment Exchange Offices
© Your Employees
(d) Notice Board in your Premises
(e) Consultancy firms
(f) Unsolicited Applications

Q16. How easy has it been for your firm to get suitable employee in Nigeria Labour market?
(a) Very Easy (b) Fairly easy © Not easy (d) difficult.

Q17. If not easy, could you please identify those post that are difficult to fill _____

Q18. What kind of training are required for such position?

_____

_____

_____

SECTION C: INDUSTRIAL RELATIONS

Q19. Is there a registered trade Union in your organisation?
(I) Yes_____ (ii) No_____

Q20. Which of the Cadre is unionised?
(a) All cadre
(b) Only Junior staff

© Only senior staff
(d) Junior and senior staff
(e) Others (specify) _____

Q21. If employees' association exist, is it mandatory for all employees to be member?
(a) Yes_____ (b) No_____

Q22. If not mandatory, how many of your employees are member? _____

Q23. Has there been any strike by employees in your company? Yes_____
No_____

Q24. In the last one year, how many times has your employees embark on strike?
_____

Q25. Indicate the reason for the strike _____
(a) Salary adjustment/Review
(b) Fringe benefit/allowance adjustment
© Welfare/Work Environment
(d) Others(specify)

Q26. How did you resolve the problem?
(a) Through collective bargaining
(b) Termination of workers involved when bargaining fail
© Termination without collective bargaining
(d) Acceptance of Employees request/demand

Q27. If some workers were terminated, how easy was it for your firm to replace them?
(a) Very Easy (b) Easy © Not easy (d) no replacement found (e) Replacement not necessary

Q28. How many days were lost in the process of the most recent strike by your organisation _____

Q29. Indicate the available fringe benefit within your establishment

	Benefit	Yes	No
(I)	Medical allowance		
(ii)	Children Education Allowance		
(iii)	Gratuity		
(iv)	Pension		
(v)	Housing loan		
(vi)	Vehicle loan		

Q30. At what time period/cadre in the working experience with this organisation are workers due for these benefits?

	Benefits	Period Due to enjoy it	Cadre
(i)	Medical		
(ii)	Children Education Allowance		
(iii)	Gratuity		
(iv)	Pension		
(v)	Housing Loan		
(vi)	Vehicle loan		