

## **Labour Involvement in Participation and Democracy in Developing**

### **Economies: The example of Nigeria**

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#### **Abstract**

Employee participation, well established in pluralist democracies, is an important factor in the process of democratisation in transition economies. This paper contributes to this issue in Nigeria by focusing on the contribution industrial relations makes, and contrasting it with the European experience. Specifically the study investigates the employee participation forms which have developed in Nigeria. The research is based on the analysis of recent industrial relations development and evidence from 7 companies with international affiliation in Nigeria. Despite the constraints of the research methodology the conclusion points at a rich variety of employee participation structures, which in some instances compare with European employee models.

## **Introduction**

The last decades have been marked by the rapid economic evolution of developing economies and their integration into the economic fabric of globalisation, Nigeria being a notable example from Sub-Saharan Africa. The impact of the dynamics of globalisation has had a profound effect on the Nigerian economy bringing in “new changes in the trends of trade and capital flow, which have continued to produce various impacts on the society” (Nwaogaidu, J. C., 2012: 146). There is a cogent argument that one of the key driving forces has been the influence of globalisation. As Kaufman (2004) concluded, industrial relations have been part of the globalisation process, cross-fertilizing ideas and practices.

Central to Nigerian politics, economics and society is the complex issues of the establishment and extension of democracy from political structures to societal underpinning of democracy. The gradual process of involvement in participatory democracy apply to structures at industry and company levels; a crucial adjunct to the broader movement of democratic embracement of civil society in Nigeria. The practical manifestation of democratic involvement has been the increasingly active role of Nigerian trade unions with strategies, “to heighten the consciousness and awareness of the general public towards socio-political and economic development in the forms of campaigns and public awareness programmes” (Nwaogaidu, J. C., 2012: 142). This can be interpreted as part of the major social changes, inclusive of social structure, political and economic liberalisation, and regional and urban development taking place in Nigeria.

It is in this context that employee participation can be observed, and this paper explores the concept, and practice, of employee participation at company level and its contribution to the broader evolution of democracy in the civil society of Nigeria. Employee participation structures across different national institutional frameworks do have marked variations but also reveal similarities; empirical research in this area for developing countries has been sparse, the research of Wood and Mohabir (2001) being a rare early study.

Developed economies with employee participation models have deeply embedded structures which, in western European countries, have progressed to accepted, and necessary, democratic structures. It is, therefore, revealing that the empirical evidence presented in this paper demonstrates the presence of participatory employee arrangements in selected Nigerian companies.

### **The Nigerian political framework**

Nigeria, with a population of around 173 million, is the most populous country in Africa which emerged from a long period of military dominated governments in May 1999 with the election of a democratically elected government. As an emerging economic power, increasingly significant in the interconnectivity of a globalised economy, its controversial evolution towards viable democratic structures has a considerable consequence for Africa and the wider world context.

Nigeria's political economy, however, is shaped by a pluralistic society where the deep divisions along ethno-regional, cultural and religious lines act as centripetal forces

against democratisation processes. The system of government, given a heterogeneous country like Nigeria, with for example 500 ethnic groups, adopted was a federal constitutional republic with 36 federal states.

The objectives of this political arrangement were to provide a mechanism for the myriad diversities within the socio-political environment of the country to find legitimate representation. In addition, the federal constitution aimed at protecting cultural differences while at the same time constructing national identity, development and advancement. These altruistic aims were not fully realised, but did lead to a clear democratic demonstration, and consolidation of democratic principles, by the population in Nigeria when in 2007 wide spread citizen action opposed the attempt by President Olusegun Obasanjo to change the constitution to prolong his term of office. The mobilisation of trade union opposition was a significant factor in the struggle against authoritarian rule, but also in broadening involvement and awareness for democratic structures at all levels (Ibrahim and Egwu, 2010).

The elections of 2007 were viewed critically because of irregularities in the election process, and subsequent violence in the northern part of Nigeria. In contrast the election of 2011 were viewed by observers as a great improvement over 2007, and under President Goodluck Jonathan there have been advances in democratisation in the civil society in Nigeria. Recent assessments of the democratisation process in Nigeria, and the issue of federalism, have concluded that gradual incremental steps are leading towards increasing the efficacy of democracy in Nigeria (Elaiwu, J. I., 2014). However, extensive obstacles in, for example, the exercise of trade union rights still exists;

collective agreements reached by trade unions are often subjected to stringent scrutiny by government (Rapu, 2012: 109).

Furthermore, deep schisms centred on political, ethnic and religious differences in Nigerian society perpetrate political instability and violence and are obstacles to the evolution of democratic structures. Related to this is the North/South divide in poverty, stagnation of poverty reduction in the North East and North West, and the lack of political strategies in these areas to develop the necessary infrastructure of public services, communication and transport. This contrasts strongly with the importance of urban growth in Nigeria for poverty reduction. Lagos, for example, exhibits strong urban growth agglomeration that has produced jobs, generated inclusive growth, and brought millions out of poverty (World Bank Report, 2014).

### **The Nigerian Economic Context**

Assessment of the Nigerian economy has been problematic as the data bases available, for example from the National Bureau of Statistics and General Household Survey, have not always provided a clear and consistent analysis. However, a recent World Bank Report (2014) is based on more reliable data and provides a more confident analysis of the Nigerian economy; it showed a 5.5 per cent growth for the economy in 2013. A particularly significant finding, as revealed in Table 1, is that the Nigerian economy is far more complex than previously reported; significant contributions to economic growth are now generated from manufacturing and some services.

**Table 1**

**Sectoral Shares in Nigeria GDP: 2012**

(A Comparison of Newly Re-Based and Older GDP)

<b>Sector</b>	<b>NEW</b>	<b>OLD</b>
<b>Agriculture</b>	<b>22.1</b>	<b>33.1</b>
<b>Crude Oil and Gas</b>	<b>15.8</b>	<b>37</b>
<b>Trade</b>	<b>16.5</b>	<b>15.5</b>
<b>Manufacturing</b>	<b>7.4</b>	<b>1.9</b>
<b>Of which food and tobacco</b>	<b>4.4</b>	<b>-</b>
<b>Construction</b>	<b>3.1</b>	<b>1.6</b>
<b>Transportation</b>	<b>1.3</b>	<b>0.8</b>
<b>Telecommunication</b>	<b>8.3</b>	<b>0.8</b>
<b>Finance &amp; Insurance</b>	<b>2.8</b>	<b>1.6</b>
<b>Real Estate</b>	<b>7.7</b>	<b>4.5</b>

Data and adaption from: The World Bank, Nigeria Economic Report, No. 2 July, 2014, p.4.

An analysis of Table 1 clearly verifies the shift in the Nigerian economy from the three sectors of agriculture, crude oil and gas and trade, which amounted for as much as 85 per cent of GDP, to a more differentiated economy. Under the new figures, agriculture, crude oil and gas, and trade cover only 54 per cent of GDP. Of particular note are the higher figures in telecommunications, real estate, construction and manufacturing, for their share in GDP.

Despite these trends, and the steady decline of oil and gas output and exports since 2010, exacerbated by a particularly disruptive production year in 2013, oil and gas still remain a critical sector to macroeconomic and budgetary stability. The slower output growth since 2012 of this sector, the decline in global oil markets, an uncertain regulatory environment, low levels of investment and continuous security problems remain challenges the sector needs to address.

Furthermore, Nigeria is still characterised by a dual economy; it is Africa's leading oil producer, but there are few linkages to the rest of the economy. But agriculture has declined in its contribution to Nigerian GDP and this has been linked to the, albeit slow, progress in poverty reduction and welfare improvements in rural areas. The latter points are substantial in an analysis of Nigerian socio-economics for two reasons. Firstly, it raises the issue of the Nigerian informal economy; "crucial in terms of untapped revenue and, more importantly, as the driving force behind rapid social development for durable economic growth". (Rapu, S., 2012: 110) This in turn, secondly, has implications for organised labour driving towards greater democratic involvement through basic rights such as freedom of association to trade unions and the right to collective bargaining.

### **Employee Participation and Democracy**

A central feature of industrial relations systems in the pluralist democracies of Europe has been the concept of employee participation; which has a direct linkage to societal

democracy. Industrial relations actors, particularly trade unions play an indispensable role, not only in the exercise of the process and stability of democracies but also, particularly in the case of countries such as Nigeria, in the genesis of democracy itself. Unionism at the workplace is regarded by numerous commentators as providing a fundamental democratic right, which enhances democracy (Freeman and Medoff 1979). The concept, and the practice, of participatory structures manifest wide variations in national models of industrial relations, but there are also comparable developments driven by European Union (EU) legislation. Differences in employee participation are partly derived from distinctive historical predispositions, which in turn have provided contrasting theoretical frameworks. A particular sharp distinction is between the Anglo-Saxon term of industrial democracy and the European concepts from codetermination to varieties of employee participation; the former based on collective rights and collective bargaining and the latter derived from individual rights of employees and a linkage to the right of economic democracy by employees. In addition the rapid development of human resource management (HRM) has generated an expanding concept of employee involvement that is particularly linked with the expansion of direct forms of employee participation. Direct forms of employee participation are based on the principle of individual employees being actively involved in the mechanisms of participation. Indirect participation is exercised through processes such as collective bargaining and elected representational structures.

Definitional discussions of employee participation in the literature are complex and varied (Poole 1978, Salamon 2000, Rose 2001) with key terminology, for example participation, involvement, voice and empowerment, frequently used as interchangeable

terms. For the purposes of this paper a wide, and pragmatic, approach has been adopted as expressed by Summers and Hyman (2005: 2):

“Employee participation can therefore be seen as an umbrella title under which can be found a wide range of practices, potentially serving different interests. Any exploration of ‘employee participation’ has therefore to encompass terms as wide-ranging as industrial democracy, co-operatives, employee share schemes, employee involvement, human resource management (HRM) and high commitment work practices, collective bargaining, employee empowerment, team working and partnership....”

Although such a wide approach does not specify precise definitions it does allow the great diversity of European participation structures to be included and therefore the interpretation and identification of employee participation trends in Nigeria is facilitated. Moreover there is a fundamental characteristic of all employee participation models; it is a process designed for employees to participate, impact or influence decisions, which are related to their working environment. In this respect employee participation is also an issue of power relationships and the ideological paradigms of the societies in which it functions. In this sense ‘participation’ includes all the processes that are applied to engage employees, or their representatives, at all levels of enterprises and companies in decisions affecting them.

In practice European employee participation models demonstrate a spectrum from information rights to the comprehensive codetermination provisions of the German model, a crucial element is that at national level in many European countries legislations

regulates the degree of participation and the level at which it can be exercised. In addition the EU has had, since Fifth Directive on Company Law was discussed in 1972, an extended programme of debate on legislation to facilitate employee participation, the European Works Council (EWC) being the most prominent form so far. Thus employee participation is a continuous process of development for EU member states, for example the European Company Statute and its employee involvement Directive were implemented in October 2004 and more recently information and consultation rights were introduced in Poland in May 2006 (EIRR 2006). However, employee participation developments at EU level are constrained by conflicting interests of member states and schisms between trade union and employers organisations (Gill and Krieger, 2000). Nevertheless, European and national models of employee participation are dynamic and adaptive to the rapidly changing international economic environment.

The search by enterprises and companies in the highly competitive globalised economy for competitive advantages has been a significant driver for new models of partnership; not only direct participation forms but also new alignments between trade unions and employees and employers. The empirical literature assessing employee participation is extensive and continuous to expand, not only in Europe but also in the USA and the Asia-Pacific region. From the European perspective much research has focused on the impact of the legal forms of representative participation, the works councils and supervisory boards being two examples. At national level, for example Germany, Frege (2002) has provided a detailed overview of the effectiveness and problems of the German works council and at European level EWC research has moved from broad assessments (Rogers and Streeck, 1995) to specific studies such as by Marginson et al. (2004) who focused on

the issue of the impact of EWCs on decision-making at corporate level in UK and US-based MNCs.

The empirical evidence on the outcomes of employee participation processes are diverse and highly dependent on what variables are used, what industries and the methodologies employed in the studies. From a recent study evidence on EWCs is ‘mixed, though there is little evidence of any significant negative effects either for the employer or for employees’ (Summers and Hyman 2005: 52). Far less controversial is the resonance that EWCs and other forms of European employee participation have had both on the enlarged EU and outside Europe. An example of the latter is the South African Workplace Forum, influenced by European legislative provisions, and allowing comparisons with the German works council (Koch and van Wyke, 1997).

Comparative research, focusing on the United States, Germany, United Kingdom, and Australia, has revealed that there are common forces which have shaped developments in each country, but the form that industrial democratic structures evolve in individual countries have important differences (Poole, Lansbury and Wailes, 2001). In the African context the study by Kester (2007) of trade unions and workplace democracy, in selected African countries, distinctly reveals the critical role participation plays in the democratisation process.

## **Methodology**

For this study, the methodology is based on an open-ended and semi-structured interviews in a number of selected companies to which access had been granted; in effect part of the study is based on the ‘case study’ model. The interviews were conducted with HR professionals in the seven companies, which formed the basis of the study. There were two sessions of interviews conducted on company premises, for a period of around two hours on each occasion. The study is constrained by the narrow spectrum of respondents interviewed. The interviews were supplemented by data on the companies from company annual reports, journals and in house publications, and from documents detailing collective agreements concluded by the individual companies. In addition visits to the companies allowed a degree of observation and consequently the methodology can be characterised as a multi-method approach.

The seven case study companies were multinational companies with activities in oil and gas, food and beverages and metal products. The companies, who have been given aliases to retain confidentiality, play a significant role in the Nigerian economy. As Table 2 reveals, the number of employees range from 650 in Crescent Aluminium Company Plc to 7,700 in the Rex Bottling Company Plc. All the companies share a high degree of trade union membership, representing three different trade unions. Importantly, the business and organisational structures of the companies are compatible with industries competing in the global market place.

The selected companies, and their industry sectors, by no means reflect the major economic branches contributing to the Nigerian economy, predominant being the oil industry in terms of contribution to GNP, and the agricultural sector in terms of numbers of employees. This is, of course, a limitation and the study does not claim that generalisation can necessarily be made from its findings. However, given the paucity of empirical data in Nigeria this research has a pioneering dimension providing a start for further work in this area.

**Table 2**

<b>Companies</b>	<b>Company Size</b> <i>No of people Employed</i>	<b>Industry Group</b> <i>Category</i>	<b>Trade Union Structure</b> <i>Membership/ present</i>	<i>Written C.B. Agreement</i>
Britannia Food Plc	<b>2,200</b>	Food, Beverages & Tobacco	<b>1,800</b> (NUFBTE)	<b>x</b>
Rex Bottling Company Plc	<b>7,700</b>	Food, Beverages & Tobacco	<b>7,150</b> (NUFBTE)	<b>x</b>
Precious Bottling Com- pany Plc	<b>4,700</b>	Food, Beverages & Tobacco	<b>4,500</b> (NUFBTE)	<b>x</b>
Crescent Aluminium Company Plc	<b>650</b>	Metal Products	<b>600</b> (SEWUN)	<b>x</b>
Zorex Oil Producing Company	<b>2,250</b>	Petroleum and Natural Gas	<b>2,000</b> (NUPENG)	<b>x</b>
Kwabever Products Plc	<b>2,025</b>	Food, Beverages & Tobacco	<b>1,920</b> (NUFBTE)	<b>x</b>
Delta Aluminium Plc	<b>2,500</b>	Metal Products	<b>2,300</b> (SEWUN)	<b>x</b>

Note: NUFBTE: National Union of Food, Beverages and Tobacco Employees.  
SEWUN: Steel and Engineering Workers' Union of Nigeria.  
NUPENG: National Union of Petroleum and Natural Gas Workers.

## **Nigerian Industrial Relations – an overview**

The Nigerian economy has undergone major structural changes since independence in 1960. The origin of government dominance of the economy can be traced to the immediate post-colonial era that witnessed a low domestic capital base. Accordingly, the government set up various corporations to carry out projects, which ordinarily would have been executed by private organisations. The mid 1967 post civil war focus of reconstruction and rehabilitation coupled with the abundance of wealth generated through oil exports intensified the practice. This was the genesis of government dominance of the economy on the one hand and also as a dominant employer on the other hand. Although the Nigerian labour movement developed alongside independence of the country in 1960, with the first concerted collective bargaining pioneered by the Nigerian civil service union, the growth of unions in Nigeria could not match the growth of the country due to incessant military intervention on government and the Nigeria civil war of 1967.

Nigeria seemed to have overcome the uncertainties surrounding the long period of military rule with the successful organisation and completion of subsequent democratic elections. This confirms earlier prediction of some scholars to the effect that the current economic and political rebirth and rejuvenation will promote political and economic stability and thus an investment atmosphere. (Budhwar and Debrah, 2001; and Udogu, 2005)

As a means of sustaining the gains of democratisation, the government has continued to promote a healthy economic and industrial relations atmosphere, through supporting unrestricted ownership of business in all economic spheres (except the oil industry), on the one hand, and also, on the other hand, pursuing labour laws that can encourage democratisation of labour activities. For example in 1997, according to Yehudah (2006) the Federal government granted collective bargaining rights to all employees of labour in the private and public sectors, thus incorporating principles of industrial relations law and practice into the private and public sectors. This development is a shift from a traditional human resource management model, which is based on unilateral determination of terms and conditions by employers after consultations, to a labour management relation's model, which allows joint determination of terms and conditions through negotiations between employer and elected representatives of the employees (Yehudah, 2006).

This paper also highlighted some useful key points in the development of industrial relations in Nigeria as revealed by some scholars (Fashoyin, 1992; Olorunfemi, 1997; and Fajana 2000) as background information. In conclusion, it can be stated that the framework of industrial relations in Nigeria is centered on a tripartite arrangement of government and its agencies, workers and their organisations and employees and their associations. This partnership according to Olorunfemi (1997) can be illustrated and summarized as follows:

## *The State*

According to Udogu (2005), with the inception of a democratically elected government in 1999, the government's focus has been directed towards the process of developing and institutionalising democracy and true federalism in the country. This approach has brought about a new dispensation in labour policy with a view to pursuing voluntarism, and thus democratising the trade union. Accordingly, the Federal Government of Nigeria passed the Trade Union (Amendment) Act, 2005 "to provide amongst other things, the democratisation of the labour movement through the expansion of opportunities for the registration of Federation of Trade Unions as well as the granting of freedom to employees to decide which unions they wish to belong". (Trade Unions (Amendment) Act, 2005)<sup>1</sup>. Some of the significant clauses are:

- Withdrawal of one central labour union in Nigeria

This implies that employees can only contract into their respective unions for deductions to be made from their wages. Union membership thus becomes voluntary;

- Conditions for strike action/lock out

There are several 'hurdles' to go through before a strike action or lock out can be carried out. This implies some procedural restriction.

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<sup>1</sup> The Trade Unions (Amendment) Acts, 2005 was passed into law by the Nigerian National Assembly on 23<sup>rd</sup> March 2005, for the democratisation of the labour movement in Nigeria.

### *The Employers*

Although the employers have formed associations along industry lines, primarily for the purposes of presenting a united front with regard to collective bargaining, they have built on this by maintaining close contact with Nigeria Employers' Consultative Association (NECA)<sup>2</sup>. As a federation of employers, as well as a parliament of employers, NECA's role among its members is purely consultative, since it does not enforce its advice on its members (Fajana 2000). Amongst its key role is, advising members on negotiations on wages, conditions of work, dispute handling and also representation to government (on behalf of employers) on specific labour matters.

At its inception in 1957, the association had 54 members but by 2006 it had grown in excess of 350 members, an indication of its acceptance and relevance to employers.

During 2006, NECA's annual report confirmed 15 employers association (Trade groups) in industrial groups, important examples are:

- Association of Food, Beverage and Tobacco Employers
- Petroleum and Natural Gas Employers Association
- Association of Metal Products, Iron and Steel Employers of Nigeria.

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<sup>2</sup> NECA is the Nigeria Employers' Consultative Association. It is the umbrella organisation of employers in the organised private sector of Nigeria and was formed in 1957. It has membership strength in excess of 350 organisations.

### *Trade Unions*

The labour unions have been structured along industrial lines by the state for better coordination of all employee/employer activities, such as collective bargaining. Accordingly, the NLC serves as the central negotiating body for workers, albeit with now a rival central body. The role of the NLC is political. It represents workers interest at the national level and in recent times has continuously engaged the government on matters of national interest. It resolves inter-union and intra-union disputes and also takes the lead in providing education and counselling to members. However, the Trade Union Congress (TUC), which is now a rival/optional centre trade union has been given legal backing with the democratisation of the unions. It is intended to operate in a similar fashion as the NLC.

### *National Union (e.g.: Steel and Engineering Workers' Union of Nigeria)*

The national union takes on the role of industry wide collective bargaining for its affiliate unions. This has diminished the role of the branch unions in collective bargaining.

### *State Council*

It is the supervisory and coordinating organ of the national union of the industrial groups in the various states within the country. They work closely with the branch union and also provide guidance and counselling.

### *Branch Union*

With the centralisation of trade unions, the key role of the branch union has become grievance settlement, interpreting and administering the collective agreement in the work place. Also, most procedural agreements leave out some items (such as burial expenses and education allowances) for in-house negotiations and some items (such as canteen subsidy, company service awards, and uniforms) for in-house consultations/discussions so that some relevance can be accorded officers of the union at the branch level.

However, with the recent development of the 2005 trade union legislation, employees are able to establish plant unions and deal directly with their employers.

Some of the prominent industrial/senior staff unions/associations cover such key economic areas as follows:

- Metal Products
- Petroleum and Natural Gas.
- Food, Beverage and Tobacco
- Bank, Insurance and Allied Institutions
- Nigerian Union of Teachers
- Nigeria Civil Service
- Nigerian Railways

In collectivist cultures, harmonious inter-personal relations and teamwork are prevalent. Most employees are thus organised for collective bargaining in an attempt to obtain

outcomes they believe may not be easily achieved as individuals. According to Fajana (2000) the processes and institutions of industrial relations have emerged very strongly because of the inability of employers and employees to have a proper dialogue regarding employment relations. Besides, the average employee lacks proper education and awareness and therefore looks towards the union for direction and support. The societal and infrastructural settings of most developing countries like Nigeria are hardly developed. Accordingly, issues for negotiations and collective bargaining are both economic and non-economic thus leading to the increased importance of trade union activities in developing economies. Additionally, most scholars (Beugre and Offodile, 2001; and Jackson, 2004) have expressed the view that collectivism is a prominent cultural trait in Africa and the associated approach to employment relations is paternalism. Thus, employees tend to view the employer as an extension of the family.

The state continues to be involved in trade union matters essentially to encourage industrial peace and promote economic development. Such interferences come through regulated incomes and productivity policies to inhibit inflations; encouraging freedom of association through legislations to permit national and plant negotiations through the machinery of collective bargaining process; setting up Arbitration Panels and the National Industrial Court for the settling of industrial relations disputes.

On the part of employers, the NECA provides a forum for encouraging the setting up of employers' association for industry wide collective bargaining processes, advice and consultations amongst members and also as a liaison body with the state on behalf of

employers. The framework for collective bargaining is completed by the centralised trade unions with some issues left at company/plant level.

The recently enacted amendment to the Trade Union Act in 2005 has emphasised the importance of freedom of association and increased relevance of collective bargaining at both national and plant levels. The outcome may be too early to assess but provides new challenges to both employers and employees.

## **Findings and Discussion**

### *Management and participation*

Management practitioners have increasingly been aware of the organisational significance of information, consultation and communication and this aspect was confirmed in the companies surveyed. As means of building on a relationship of support and co-operation with employees, the companies have structured channels of communication with employees, employing various avenues for educating employees, achieving feedbacks and thus building on a relationship that is based on partnership. One common view that is held amongst HR practitioners, GG<sup>3</sup> and FF<sup>4</sup>, is that employee participation is a very prominent human resource management tool for the purposes of exercising partnership in the work place. Accordingly, such events as staff conferences

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<sup>3</sup> GG, Human Resources Manager of Britannia Foods Plc, interviewed April 19, 2006 and January 26, 2007.

and briefing sessions provide a platform for management to share strategic visions/goals and developmental issues with employees. Although these meetings are mainly focused on updating employees, some consultative events also feature, particularly on matters that relate to immediate employee benefits.

A HR Director, HH<sup>5</sup>, confirmed participation as a human resource tool for widening employee participation in company activities through such avenues as company magazines and journals; providing opportunities for employees to share opinions and suggestions and also serve as a medium for increased information dissemination apart from company notice boards. Analysis of procedural agreements and company handbooks, disclose that at industry and plant level, companies provide for periodic meetings as well as quarterly consultative meetings. In addition, Quality circles and work groups/committees, seen partly as employee participating improvement initiatives, are prevalent within company practices, as confirmed by all the HR practitioners interviewed.

### *Trade unions and participation*

As Table 2 reveals, all the companies have a high degree of trade union membership, reflecting the general strength of trade unionism in Nigeria, partly as a consequence of specific legislation. Prior to the Trade Union (Amendment) Act of 2005, there was an automatic check-off system, which was intended to ensure that the trade unions had

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<sup>4</sup> FF, Human Resources Director of Rex Bottling Company Plc, interviewed April 19, 2006 and January 22, 2007.

sufficient funds to operate and function properly. Membership to the trade unions was therefore automatic and employees were required to ‘contract out’ if they did not wish to maintain membership. The government’s intention in amending the Trade Union Act was to democratise the trade unions and thus withdraw the automatic check-off system. Accordingly, the withdrawal requires employees to ‘contract in’ to union membership. Whilst this latter approach is intended to create freedom of association, the long established role of trade unionism in Nigeria means that the trade unions view this development with considerable scepticism. On the part of the employees, the cultural setting of collectivism makes non-association a ‘taboo’. This cultural characteristic also offers an explanation for the persistence of collective bargaining in the difficult political and economic climate of Nigerian industrial relations.

From the perspective of participation as a trade union strategy, leadership conferences, targeted at plant union officials, and other identified opinion leaders, were seen as having improved union/management relationship (MM<sup>6</sup>, KK<sup>7</sup>). Firstly, it creates an avenue for training on leadership qualities and challenges. Secondly, it serves as an informal atmosphere for interactive sessions with key management employees, providing opportunities for building on mutual support and understanding. To some extent, in the words of KK<sup>7</sup>, “it creates an atmosphere for feeling the pulse of the union, against future negotiation and thus a strategic tool in trade unionism”. This perception accentuates the importance of partnership between Nigerian trade unions and management as a key to

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<sup>5</sup> HH, Human Resources Director of Precious Bottling Company of Nigeria Plc, interviewed January 29, 2007.

<sup>6</sup> MM, Chairman of the Personnel Practitioners of the Rubber Products Employers’ Association, interviewed January 29, 2007.

<sup>7</sup> KK, Head of HR, Packaging Division of Crescent Aluminium Plc, interviewed January 30, 2007.

stable industrial relations and this is dependent on collective bargaining. According to CC<sup>8</sup>, MM<sup>9</sup> the future structure of collective bargaining will require flexibility and independence to determine cost of input and remain competitive in sourcing these inputs. Most organisations have achieved this through effective participating initiatives.

### *Joint Consultative Committee*

Five of the companies have a Joint Consultative Committee (JCC); these bodies can be regarded as the oldest established form of employee participation having their origin from the British model, which was introduced under the influence of colonial rule (DD<sup>10</sup>, EE<sup>11</sup>, and JJ<sup>12</sup>). This consultative committee provides a forum for management to obtain and share views across the entire work force. The JCC is also used as a platform for addressing issues that are not covered by collective bargaining, which are mutually beneficial to management and all employees. Examples of such issues are canteen facility, long service awards and staff uniforms. In recent times, (as confirmed by nearly all HR professionals interviewed) most employers have introduced other employee work

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<sup>8</sup> CC, Head of Industrial Relations, Research and Information of the Greenland Employers' Consultative Organisation, interviewed April 18, 2006 and February 2, 2007.

<sup>9</sup> MM, Chairman of Personnel Practitioners of ARPPEN Employers' Association, interviewed January 29, 2007.

<sup>10</sup> DD, Manager, Site/Field Human Resources of Zorex Oil Producing Unlimited, interviewed January 18, 2006.

<sup>11</sup> EE, Company Industrial Relations Manager of Kwabever Products Plc, interviewed April 18, 2006 and January 30, 2007.

<sup>12</sup> JJ, General Manager HR of Delta Aluminium Plc, interviewed April 18, 2006 and January 30, 2007.

groups/committees that are charged with specific matters, such as safety work groups and welfare committees.

Membership to these work groups (including JCC) is through random selection by the HR unit or through nominations by in plant employee unions or associations. They are usually made up of a group of two individuals, representing junior, senior and management staff categorisation and usually headed by the Head of the HR unit or his representative. Other than the JCC meetings, the representative of the HR department heads most other work groups. JCC meetings are usually held quarterly, except for work group meetings, which are held weekly. The meeting times may vary if an emergency arises. Decisions of JCC and work group/committee meetings are usually communicated to management as recommendation and not agreement. However, in most cases, management accepts the recommendations.

### *Employee Trust schemes*

Three of the companies examined have partnership models based on employee trust schemes, involving the ownership of stocks/bonds/shares of the company by all permanent employees. This arrangement thus provides continuous partnership and participation in the affairs of the company. A typical example of such employee trust scheme is that of Crescent Aluminium Plc<sup>13</sup> which has highlighted the salient points of the scheme as follows:

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<sup>13</sup> Crescent Aluminium Plc was incorporated during the early sixties as one of the early manufacturing plants in Nigeria. It became a quoted company in the Nigerian stock exchange market during late 1992.

1) “As part of its scheme for welfare of its employees, the company has resolved to make available to its employees 1,214,140 ordinary shares of 50 kobo each in the capital of the company on condition that the shares will be held in trust for all employees.”

2) “Unless there is an undisclosed doubt as to the method of distribution or as to the identity of the persons entitled thereto, the entire amount of the income of the Trust Fund shall be distributed equally among all employees on the company’s payroll as at 31 December of the year in which the dividend is declared.”

Capital accumulation schemes by employees, and the associated ‘participation’, are an interesting alternative participation model in the Nigerian context.

### *Employee Forums*

There was evidence from four companies that recently established participation structures were in the form of ‘Employee Forums’. These essentially are an integrated information and consultation body with participation cutting across all categories of employees, inclusive of senior management and trade union representation. The forums are initiated by senior management, nominating around 20 representatives, and are designed to reflect the comprehensive composition of the entire workforce. Membership is by invitation from senior management; there is an annual meeting giving opportunity for all employees to be informed and engage in dialogue. Employee forums are clearly management structures with the objective of fostering participatory inclusivity. Significantly trade

unions regarded these forums as an opportunity to enter into discussion with both management and the entire workforce. The HR managers interviewed recognized the tensions that can arise between union representation and employee committees generated by management and therefore, in some cases, actively encouraged unions to nominate union members to these committees.

**Table 3**

**Forms of Participation**

<b>Companies</b>	<b>Information</b>	<b>Consultations</b>	<b>Negotiation</b>	<b>Employee Trust Scheme</b>
Britannia Food Plc	<b>x</b>	<b>x</b>	<b>x</b>	<b>-</b>
Rex Bottling Company Plc	<b>x</b>	<b>x</b>	<b>x</b>	<b>-</b>
Precious Bottling Company Plc	<b>x</b>	<b>x</b>	<b>x</b>	<b>-</b>
Crescent Aluminium Company Plc	<b>x</b>	<b>x</b>	<b>x</b>	<b>x</b>
Zorex Oil Producing Company	<b>x</b>	<b>x</b>	<b>-</b>	<b>x</b>
Kwabever Products Plc	<b>x</b>	<b>x</b>	<b>x</b>	<b>x</b>
Delta Aluminium Plc	<b>x</b>	<b>x</b>	<b>x</b>	<b>-</b>
<b>Total</b>	<b>7</b>	<b>7</b>	<b>6</b>	<b>3</b>

**Note 1:** Negotiations are both at national and plant levels, except in Zorex oil where all negotiations are at national levels only.

**Note 2:** Britannia Foods Plc, Rex Bottling Company Plc, Precious Bottling Company Plc and Crescent Aluminium Company Plc hold an employee forum as an annual event for the purposes of information and consultation.

**Table 4**

**Participation Structures**

<b>Companies</b>	<b>JCC</b>	<b>Quality Circle</b>	<b>Work Group</b>	<b>Work Committee</b>	<b>Others</b>
Britannia Food Plc	<b>x</b>		<b>x</b>		
Rex Bottling Company Plc	<b>x</b>			<b>x</b>	
Precious Bottling Company Plc			<b>x</b>	<b>x</b>	
Crescent Aluminium Company Plc	<b>x</b>	<b>x</b>		<b>x</b>	
Zorex Oil Producing Company	<b>x</b>		<b>x</b>		
Kwabever Products Plc	<b>x</b>		<b>x</b>	<b>x</b>	
Delta Aluminium Plc			<b>x</b>	<b>x</b>	

## **Nigerian/European Comparison**

Nigerian industrial relations were shaped by the Anglo-Saxon model; collective bargaining and negotiations being the major mechanism of dialogue and interaction between management and trade unions. The latter retain a central role in the industrial relations arena of Nigeria; and in this respect Nigerian trade unions exercise a fundamental and significant role of indirect participation of employees. In contrast to European practices, where pluralist democracy is established, Nigerian employee participation is a crucial constituent of the process of democratisation. The JCC, the legacy of colonialism, can be compared to participation bodies in Europe, particularly with extant structures in Britain. As an information and consultation structure there are valid comparisons with some continental European works councils. However, it is not surprising, given the historical evolution of Nigerian industrial relations, that the concept of codetermination is absent.

The cultural trait of many developing economies is collectivism; in contrast the European cultural trait is individualism. This fact is mainly responsible for the continued strength of trade unionism in Nigeria; it is believed that a collective approach provides a more forceful platform to pursue demands by employees. This apart, the established concept of employee participation in Nigeria follows the Anglo-Saxon concept of information and consultations through established channels of discussion with employee representatives

The drive of companies towards competitive advantages, in the globalised economy, has given, as demonstrated by the companies in the study, common organisational, marketing and business characteristics to companies. Taking the broad definition of employee participation suggested by Summers and Hyman (2005: 2) it can be noted that there are common elements between Nigerian and European manifestation of employee participation structures. In particular information, and to a lesser degree consultation, have become important human resource tools.

The socio-economic setting of most developing countries, such as Nigeria, restricts labour mobility, unlike the experience of the developed economies of Europe. Accordingly, employees have long-term employment interests with their employers. Apart from the benefit of enhanced separation package (resulting from seniority), employers are able to institute employee share ownership schemes as a means of enhancing and committing employee participation in the future of the company. Such schemes are only applicable to serving employees and thus a unifying symbol for both employee and employer. The study revealed that three of the companies had employee trust schemes. These companies, with operations across the country and multinational affiliations, reflect the modern business environment in Nigeria.

## **Conclusions**

Two important critical constraints for inferences from the empirical study require emphasis. Firstly, the small sample size, both in terms of the selected industries and the

geographical concentration of the companies. The latter point is important given the ethnic and political cleavages which characterises Nigerian federalism. Secondly, the main respondents of the interviews predominantly reflected management perception and therefore broader conclusions were supplemented from secondary sources.

The conclusion from the data collected is that information and consultation are perceived as significant elements in both HR practises and trade union strategy. Over and above this, participation is an important component of the democratisation process in developing countries. In this respect the Trade Union (Amendment) Act 2005 provides a basis for the democratisation of the Nigerian labour movement through the expansion of opportunities for the registration of the Federation of Trade Unions, as well as the granting of the freedom of employees to select the trade union of their choice. This is an important recognition of the role industrial relation actors and employees have in the establishment of a stable democracy in the difficult political and economic climate of contemporary Nigeria.

The employee participation forms revealed from the company studies show a rich and varied variety. The major European influence, as particularly exemplified by the JCC, is rooted in the historical legacy of British colonialism; the focus on negotiation and collective bargaining based on strong trade unionism. This contrasts starkly with, for example, South African employee participation developments, which have been influenced far more by continental European employee participation models. On the other hand, Nigeria has moved, at least in the companies examined, towards implementing management/employee structures to facilitate the efficacy of company performance.

Information, and limited consultation, structures have created a web of communicative pathways, which, in the Nigerian context, is dominated by management. Nevertheless, this facilitates an important catalyst for employee participation development in the transformation economy of Nigeria. Moreover, there is strong evidence that employee participation is driven by cultural factors as well as the institutional paradigms. The Anglo-Saxon influence, and not the statutory employee forms of Europe, has exercised a strong influence on Nigerian employee participation structures.

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