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Civil Servants Perception of Minimum Wage Increase in Nigeria

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Strictly as per the compliance and regulations of:

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I. Background

Presently in Nigeria, workers who have jobs are finding it more and more difficult to survive on their monthly salary. The reason for this is that the pay of the average Nigerian worker is not only one of the lowest in the world but also given the global economic crisis it is virtually impossible for them to live on it. As such in recent times, Nigerian workers are getting excited about the newly approved minimum wage of eighteen thousand naira (N18, 000) only. The reason for jubilation in the new wage increase is that many see it as a means of improving their purchasing power and thus reducing the level of poverty in the country. However, there are differences of opinion between trade union and government about the benefits and drawbacks of a minimum wage increase in Nigeria.

The Nigerian Labour Congress (NLC) through strikes, protest and boycotts, considered it a necessity to agitate for the wage increase, based on several reasons one of which is the fact that the previous national minimum wage of N7,500 is far lower than the minimum cost of providing the basic needs of a worker and his/her family even under strict financial management. Also in a survey conducted by the congress it was discovered that basic needs of life such as nutrition, shelter and clothing are impossible to accomplish in an average family of six, given such an amount (N7,500) per month (NLC Campaigns and Mobilization Committee Bulletin, 2009).

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II. Some Wage Theories

Different theories have emerged from time to time to explain how wages are determined. Considerations were given to the relevance of wages with respect to production n, improved standard of living, population growth, wage differentials, demand and supply for labour among others in the theories. In this study, theories such as the Subsistence Theory of Wages and the Marginal Productivity Theory of Wages as stated by Jhingan (2004).

a) *The Subsistence Theory of Wages*

This was one of the earliest wage theories. It was formulated by the Physiocratic School of French Economist in the 1700s (18th century) and it was later developed by some German economist who referred to it as the Iron Law of Wages. The theory regards labour as a commodity; as such, its price can be determined by the cost of production. Its cost is the minimum subsistence expenses required for the support of the labourer and his/her family in other to maintain the supply of labour in the production process.

This theory stipulates that wages have a tendency to settle only at the subsistence level or cost of production, that is the cost of production should be proportionate to the wage rate. In addition, if at any time the wage rate exceeds this level, workers will find themselves in an economically better position. This will lead to an increase in marriages, childbirths, and invariable increase in population and labour supply. This trend will continue to the point where labour supply will exceed labour demand, which will in turn lead to a reduction of the wage rate. On the other hand, if the wage rate is below the subsistent level, workers will suffer from diseases, starvation and unable to afford the necessities of life. This will in turn lead to fewer marriages, a decrease in population and ultimately a significant reduction in labour supply. This situation will continue to the point where the labour supply will be less than labour demand, which will in turn lead to an increase in the wage rate. As such, the subsistence theory of wages is of the view that wages must be paid at the minimum subsistence level. This is necessary to sustain an optimum supply of labour that equates the labour demand. This theory sounds very logical and realistic but in practice, it hardly happens, may be because it will take centuries to be proved right. Because of the length of time it takes to be true, hardly any generation passes trough it.

Regardless, this theory has been criticized for lacking historical accuracy since wage increase is not necessarily associated with increase in population. In addition, critics say that it is unable to explain wage differentials and is not accurately based on the Malthusian Theory of Population.

b) The Marginal Productivity Theory of Wages

This theory was propounded by John Bates Clark. It's of the opinion that wages in a competitive market tend to be equal to the marginal product of labour. The marginal productivity is an additional unit of labour that is employed which contributes to total productivity. Employers are not interested in the marginal productivity of labour alone but are concerned about the size of its contribution to total revenue. That is, an employer will take into consideration the contribution of an additional labour to revenue generation before embarking on the act of employing that additional hand. The theory states that in a mixed or capitalist economy, no worker can expect wages greater than the value of marginal productivity. For instance, if an employer hires a worker at N100 per day to produce goods that are sold for N120 he would make a profit by hiring the worker. The employer will thus continue to hire more workers until there is equality between marginal revenue product and the prevailing wage level attained. On the other hand, if the employer hires a worker at N100 per day to produce goods that are sold for N80 per day he will incur losses. As such, the employer will not pay any more wages to the worker than his marginal product. The position of the wage rate and the marginal rate of productivity can determine if an employer can increase his profit margin by increasing labour or by reducing on the employment of more labour. As such, an employer can increase his profit margin or reduce his losses at a point where the wage rate is equal to the marginal rate of productivity. This is a very critical position where the employer cannot afford any experimental deviation or he runs into crisis.

The subsistence theory of wages is of great relevance to minimum wage issues in Nigeria, since it shows the adverse effects of an increase or decrease in minimum wage either above or below the minimum subsistence level. As such minimum wages should be set in proportion to the subsistence level. Also the marginal productivity theory of wages is relevant to this paper since it indicates that the employer (government) will only consider minimum wage increase when the contribution of labour to revenue generation has been considered. It should not be made a campaign issue when proper study has not been carried out if we mean to fulfill our promise.

III. Conceptual Clarification

In this study, terms such as wages, minimum wage, trade union, collective bargaining and so on will be extensively used. The concepts of these words are clearly stated.

a) Wage

To a non-professional, wages apply only to pay received by an unskilled labourer, while salaries implies pay received by an executive, minister or teacher. However, Jhingan (2004) stated that, wages are payments made for services rendered by labour. These services could be mental or physical and attract fees, commissions and salaries. Salary refers to a fixed amount made as payment for work done. Nevertheless, there is a distinction between wages and salaries in terms of when they are paid. While wages were regarded as weekly payments for services rendered, salaries were regarded as payments for monthly services of labour. However, economists do not make these distinctions between different services and period of payment; all are considered to receive a wage. The Oxford Economics Dictionary (2002:498) defines wages as "payment for work performed as an employee." In all, they are payments for service rendered over time.

b) Minimum Wage

From this perspective, the term minimum wage can then be described as that wage that provides for not only the basic substance of life but also for the preservation of the efficiency of the worker. It is regarded as the pay that must be paid to a worker in order to enable him/her to provide for their family's basic needs and sustain the standard cost of living. It is generally assumed the lowest possible wage needed by workers to survive and afford their basic need in terms of accommodation, utilities, food, clothing, medical care, education, entertainment and so on.

Wikipedia encyclopedia (2011), regards minimum wage as the lowest hourly, daily or monthly pay that employers may legally give to their workers. Also, it is the lowest wage rate at which workers may sell their labour to their employers for specific type of work carried out. Though minimum wage laws are in effect in different parts of the world, the effects on the economy and the general standard of living are constantly being disputed.

According to Rosen (2008), minimum wage is the rate of remuneration fixed either by a collective bargaining agreement or by governmental enactment as the lowest wage to be paid to specified categories of employees. The setting of a minimum wage does not exclude the right of employees to demand wages above the established minimum wage. Minimum wage obtained through a means of collective bargaining can experience some serious limitations, because collective bargaining agreements cover only the workers in a specific area (plant, craft, industry, or local area). As such, they are inadequate in situations where prevailing wage rates throughout an entire nation have fallen to excessively low levels.

c) Trade Union

The expression trade union refers to an association formed to raise wages and improve the working conditions of its members in a particular country. It replaces individual bargaining by collective bargaining and makes the rates of wages uniform for the same level of workers over an entire industry in a given country. In a capitalist economy, the forces of demand and supply should determine the wage rate, but a trade union can raise wages by reducing the supply of labour. It is an alliance of workers that seeks to advance the socio-economic welfare of its members through group action, negotiation or enforcement through strikes.

Trade unions also represent their members in dialogues with their employer about all conditions of an employment contract, including wages and working conditions. These forms of dialogue are known as collective bargaining. It entails giving workers a common voice, which is often reflected in the form of higher wages, fewer hours of work, and improved insurance, compensation and pension plans than individual workers can negotiate on their own. Whenever an employer and a trade union are unable to reach an agreement through the process of collective bargaining (deadlock), the union may embark on strike, boycott or protest to drive their point home. Most times they achieve total or partial success when the employer can no longer endure losses incurred by continued lack of productivity.

In Nigeria, there are different trade unions such as Trade Union Congress (TCU), Nigerian Labour Congress (NLC), Academic Staff Union of Universities (ASUU), and so on. Most of these unions have unofficial and official association with political parties and search for means to bring about socio-economic change through legislative and political actions. In other countries, including the United States, no formal link of this nature can be found. Borjas (2009) states that the United States has a tradition of “business unions”, whereby the unions in the United States engage in political actions. These actions include lobbying for legislation that enhances the objective of the labour movement and providing financial support to political candidates who are friendly to union causes.

d) Collective Bargaining

Collective Bargaining is a term used to refer to labor relations, negotiations, and dialogue between employers and employees who are usually represented by a trade union. These debates are about terms and conditions of employment, wages, and socio-economic conditions of both the worker and the nation. The bargaining process is usually concerned with wages, working hours, improved benefits, security, and safety, among other. The representatives of management and unions, private mediators and government officials take part in the bargaining process. Collective bargaining began in Britain in the 19th century, and is now a crucial part of the trade union movement and an accepted practice in many industrial and developing nations such as Nigeria.

IV. History of Minimum Wage in Nigeria

Legally, minimum wages laws were first introduced as a way to control the proliferation of sweatshops in manufacturing industries. These sweatshops employed several women and young workers and paid them substandard wages. Owners (employers) of these sweatshops were thought to have unfair bargaining power over their workers, and a minimum wage was proposed as a means to make them pay "reasonably"(Rosen, 2008).

The New Zealand government enacted the first minimum wage law in 1894. In Australia, a similar wage law was enacted in 1896 with established wage boards where workers and employers were represented in equal numbers, with the aim to fix minimum wages enforceable on the employer. This pioneering law served as the model for the British Trade Boards Act of 1909. In the U.S, Massachusetts enacted the earliest minimum wage law in 1912, and eight other states followed suit the next year. Whereas the laws passed in Australia and Britain applied to all workers, the U.S. laws were applicable only to women and minors.

According to Folawewo (2007), in Nigeria, the concern about minimum wage negotiation and increment dates back to 1934 with the civil service reform program and wage commission (Hunt’s Commission 1934). Between 1934 and 2005 there have been 12 of such commissions set up to broadly evaluate the salary structure of the Nigerian civil servant and worker, through the Civil Service Reform Commissions (CSRCs). The commissions that were set up include, the Harragin Commission of 1945, Pillipson-Adebo Commission of 1948, Gorsuch Commission of 1954, Mbanefo Commission of 1959, Morgan Commission of 1963, Eldwood Commission of 1966, Adebo Commission of 1971, Udoji Commission of 1972, Dotun Phillips Panel of 1985, Ayida Review Panel of 1994 and the Ernest Shonekan Committee of 2005.

For example, the Udoji’s Commission of 1972; suggested a comprehensive salary assessment for civil servants in the form of a basic minimum wage, and a framework for regular review of wages and salaries. Unfortunately, the implementation of the Udoji’s recommendation led to an increase in general price level (inflation), which eventually destroyed the increase in nominal wages and ultimately reduced the purchasing

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power of workers. As such, rather than solving the problem within the civil service, the implementation of the CSRC recommendations created a new wave of agitation for salary increase.

In addition, to the setting up of commissions to investigate the salary structure as stated above, the Nigerian government also embarked on the use of Government Decree or Act of Legislation, which was done particularly during military administrations. Between 1973 and 2003 there were seven of such acts namely; Wage Board and Industrial Council Act 1974 (Cap.466) (No. 1 of 1973; L.N. 55 of 1974); National Minimum Wage Act 1981 (No. 6 of 1981); National Minimum Wage Decree No. 43 1988; National Salaries Incomes and Wages Commission Decree 1993 (No. 99 of 1993); National Salaries, Incomes and Wages Commission (Amendment) Decree (No. 17 of 1999); National Minimum Wage (Amendment) Act, 2000 (No. 1); and the National Minimum Wage (Amendment) Act, 2003.

The Minimum Wage Act of 2000 ensured an increase of the basic salary to N5, 500 for Federal workers, while their State and Local Government counterparts paid their workers less (N4, 500). This Wage Act significantly ensured that wages were reviewed every two years. It also provided for a 25 percent increase in wages for government workers from 1 May 2002, unfortunately this agreement was never implemented. In 2001, the minimum wage was reviewed upward to N7, 500 for workers in the federal ministries and N6, 500 for workers in the State ministries. In year 2002, there was a nation-wide strike embarked upon by the NLC, calling for a 25 percent salary increase for Nigerian workers. At the end in 2003, the government implemented an increase of between 4 to 12.5 percent.

Further protest from trade unions across Nigeria because of the non-implementation of the 2001 agreement led to the formation of the Shonekan Committee in 2005. This committee suggested an increase of 25 percent in the salaries of workers, but the government faulted in the implementation of this agreement and only an increase of 15 percent was actually implemented. More recently in 2010, after much agitation by NLC, minimum wage was pecked at N18, 000. As at August 2010, most State Governors have declared their inability to meet this demand.

V. Justification for Minimum Wage Increase

Nigeria is home to a quarter of Africa's poorest. It is estimated that about 100 million Nigerians live on less than £1 (N250) per day, as such many working Nigerians are not capable of meeting their basic needs because their salaries and wages are barely enough for them to transport themselves to work. The living index in most urban sectors in the country is estimated to have risen over 14 percent and 21 percent rise in the cost of food in the country, meaning that many Nigerians are finding it difficult to afford their daily meal. This shows the necessity for minimum wage increase in Nigeria (Nigerian Labour Congress (NLC) Campaigns and Mobilization Committee Bulletin, 11 May 2009).

There continues to be a widening gap between the rich and the poor, between the elite and the ordinary man, between politicians and the citizenry in Nigeria. While the salaries of workers grew by 15 percent in 2006, the salaries of politicians increased by an estimated 800 percent in 2007. The Nigerian Labour Congress Campaign and Mobilization Committee in its monthly bulletin 2009 stated that the salary of the average Nigerian Politician is approximately N1, 400,000 per month. Comparing this to the basic salary for the lowest paid civil servant N7, 500, it is obvious that there is a huge discrepancy in wages amongst workers. Hence there is a need to transform the wage structure to make it more equitable in order to reduce the income inequality in the system especially as everyone buys from the same market.

Given the abundant natural resources (oil and gas) in Nigeria, the country should be paying one of the highest minimum wages in the continent. Unfortunately, the reality is that, the minimum wage rate in Nigeria is one of the lowest in Africa. Compared to other developing countries in Africa Nigeria has one of the lowest minimum wage rates ($550), while other countries such as Angola ($1,511), Botswana ($3,011), Kenya ($948), Lesotho ($1,080), Mozambique ($1,177), South Africa ($2,780) and so on. These countries have minimum wage rates far above what is obtainable in Nigeria. In the presence of this huge gap between other African countries, it is necessary that the current wage rate be reviewed as quickly as possible (Nigerian Labour Congress (NLC) Campaigns and Mobilization Committee Bulletin, 11 May 2009).

a) Benefits of Minimum Wage Increase

There are several reasons why minimum wage increase in Nigeria is important and these include; increased national income, improved industry and industrial peace, removal of exploitation, profit squeeze, price rise and equitable distribution of income.

When minimum wages are increased in any country, they tend to positively contribute to an increase in the country's national income. This is achieved through the acceleration principle, in the sense that, an increase in the minimum wage of workers leads to an increase in their consumption pattern and tax. This further leads to an expansion of the consumer, industry and the capital goods industries, employers and producers will labour to invent more efficient and productive means of producing more commodities. As such, they will adopt better techniques of production and release inefficient employees; these will in turn motivate employment, output, and national income.

The resulting implication of the above industrial measures will be in the form of industrial peace. This is because minimum wage increase prevents strikes, protest and boycotts from taking place in the economic climate of a country. In addition, it ensures that there is relative economic stability and peace in the polity for progress and development to take place. Whenever there is minimum wage increase it means that workers are no longer being exploited and the activities of trade unions is reduced.

Increased minimum wage tends to eliminate the exploitation of workers by their employers. Jhingan (2004) states that, if the workers do not have a strong trade union there will be an increase in the level of unemployment, through the recruitment of new workers and the sacking of existing workers.

Another essential benefit of minimum wage increase is equitable distribution of income. In developing countries like Nigeria, an increase in minimum wage brings about a significant reduction in wage differentials and the amount of money looted or laundered. This leads to equity in terms of income distribution and less corrupt practices. However, despite these benefits highlighted above, some disadvantages make it virtually impossible for minimum wage benefits to be realized and appreciated in Nigeria.

b) Drawbacks to Minimum Wage Increase

Unfortunately, there are adverse effects of minimum wage increase in the Nigerian economy. These drawbacks can make it difficult for the benefits of minimum wage fixation to be appreciated by those it was meant for. The various disadvantages of minimum wage increase can be considered in terms of effecting four broad categories of unemployment, inflation, industry and economy.

Minimum wage fixation can lead to unemployment in the Nigerian society. This is reflected in terms of firing employees whose services are regarded as being dispensable by their employers to reduce the number of workers they will be legally required to pay. In Nigeria, some workers in both the private and public sectors are not valued and their employers deem their services unessential. Such services include clerks, supervisors and so on. In addition, since employers are forced to pay the minimum wage they will result to installing labour saving machines such as machines in factories instead of manual labour, the use of computers and so on. In more recent times in Nigeria, private companies' use of computers instead of manual labour in carrying out some activities in the work place act as a cost reducing technique.

In addition to the foregoing, some employers who cannot pay the new minimum wage and cannot afford to reduce the number of employees or to close down in a short run; will result to shifting the cost burden to their customers through an increase in prices. It is important to note that this increase in prices ultimately leads to inflation. According to Black (2002), inflation has a general and persistent tendency for prices and money wages to increase; as such money loses its value making it impossible for the increase in minimum wage to be enjoyed.

Increase in minimum wage adversely affects industry, in that industries, which cannot afford to pay the new minimum wage, may close down rather than to violate the new law of paying the minimum wage. This is so because, when cost rises, profits shrink, output declines and the competitive strength of industry falls in the face of world competition. This will adversely affect employment and industrial exports, particularly for export industries and national income will drop.

A fall in national income indicates that the economy is suffering and all other negative effects of minimum wage increase as stated above in the form of rise in unemployment, increase in prices (inflation), decline in profits and output are all indications of a weak economy. As such increase in minimum wage can also have its down side and in Nigeria this should be of great concern to the government, trade unions and the general public.

VI. Purpose of the Study

Reasons for minimum wage increase are acceptable and appropriate. Nevertheless, there are also disagreements as to whether the minimum wage increase is an effective means of reducing poverty in the country. The Federal, State and Local Governments have constantly objected to an increase or seen it as a tool for alleviating poverty. The basic reason for their objection is based on their inability to pay and the belief that it will lead to price increase (inflation), unemployment, exploitation of workers, among other reasons. The Nigeria Labour Congress (NLC) on its part has refuted these explanations made by the government and are instead insisting that politicians are refusing the wage increase basically because they know it'll reduce the amount of the "national cake" being looted by them. These disputes regarding minimum wage have become a regular occurrence and they seem to have no end in sight.

Recently, State Governors stated that the Federal government should lift subsidy on petroleum as a prerequisite for them to pay the new minimum wage. Chairman of the Governor's Forum and Rivers State Governor, Chibuike Amaechi, stated that his state "government is looking for funds to pay salaries" and that "even if they remove fuel subsidy, the money from that cannot sustain the salary" based on the new minimum wage being requested for by the NLC (Tell Magazine 2011:22).

The purpose of this study is to investigate the effects of minimum wage increase on the lives of civil servants, and the Nigerian economy as a whole. These

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data on effects of various minimum wages on the lives of those who benefited from them has been collected through interview schedule and copies of structured questionnaire responded to between May/July 2011. Findings from this survey are as represented on tables 1-5 and indicate the views of some of those who agitated, implemented and benefited from the minimum wage reforms in Rivers State.

VII. Research Questions

The following research questions directed the study :

1) What is the rationale behind minimum wage increase in Nigeria?
2) What are the advantages and disadvantages of minimum wage increase in Nigeria?
3) To what extent does minimum wage improve the economic condition of workers (civil servant)?

VIII. Methodology

This empirical study on minimum wage in Nigeria is based on qualitative and quantitative data, obtained during a period of five weeks in Port Harcourt Metropolis, Rivers State, Nigeria.

The quantitative data was collected through structured questionnaire administered to civil servants in the Federal and State Secretariats in Rivers State. The qualitative part of the survey involved oral interviews with key informants and stakeholders of the civil service. Some of the information obtained formed the background for the quantitative data collection. They were also used to verify answer and better understanding of some of the arising results.

The composition of the sample takes into account the relative number of civil servants in Rivers State compared to the rest of Nigeria; as such, a descriptive survey was used. The study was conducted using the staff of the Federal and State Secretariats in Port Harcourt. Population of study comprised a total number of 5,237 civil servants from these government organizations. It was made up of 1,781 and 3,456 civil servants from the Federal and State complexes respectively. Using a stratified random sampling technique 1047 civil servants representing 20% of the total population was used for the study. This was made of 356 civil servants from Federal Secretariat and 619 from the State Secretariat.

Quantitative data were collected through structured questionnaire administered to civil servants who witnessed the last three minimum wage reforms in the country. It was entitled "Civil Servants Perception of Minimum Wage Increase in Nigeria" with a reliability coefficient of 0.86. It had four sections. Section A, sort information on the rationale behind minimum wage increase; section B solicited information on the advantages of minimum wage increase and while; section C searched for information on the disadvantages of minimum wage increase and section D sort information on effect of minimum wage on the economy, finally section E solicited information on effect of minimum wage increase on financial responsibilities of workers. A four points modified Likert Scale was used in the following manner; Strongly Disagreed/Low Extent (SD/LE=1), Disagreed/Moderate Extent (D/ME=2), Agreed/High Extent (A/HE=3), and Strongly Agreed/Very High Extent (SA/VHE=4). The mean was derived by dividing the total response for each of the items by the maximum score attainable. Since the items were weighted on a four points, a mean calculated for the item that fell below the value of 2.5 indicated disagreement, while a mean that fell above 2.5 showed agreement. The researchers employed the aid of two research assistants to enhance distribution and collection of copies of the distributed questionnaires. All the 1047 copies of the questionnaire distributed were correctly filled and retrieved. The data collected were analyzed using percentage, means and ranks.

For the qualitative data, interview schedule with the respondents (interviewees) took place at their work places i.e. the secretariats. The questions asked concentrated on the financial and economic implications of the minimum wage reforms on the lives of the civil servants (standard of living), the economic activities of the civil servants (cost of food, rent, clothing, transportation, utilities and school enrolment) were all considered.

IX. Research Results

The results of the data analyses are as shown on tables 1-5.

Research Question 1 : What is the rationale behind minimum wage increase in Nigeria?

Table 1 : Percentage and Mean Scores and Ranking of Respondents Perception on the Rationale behind Minimum Wage Increase.

S/N	Questionnaire Items	Strongly Agreed (4)	Agreed (3)	Disagreed (2)	Strongly Disagreed (1)	Mean	Rank
1.	Minimum wage increase will help reduce poverty level	214 (20%)	481 (46%)	230 (22%)	122 (12%)	2.69	3rd
2.	Minimum wage increase will motivate workers to increase productivity	813 (77.7%)	189 (18.1%)	20 (1.9%)	25 (2.3%)	3.7	1st
3.	Minimum wage increase will help reduce income inequality	722 (68.9%)	203 (19.4%)	81 (7.8%)	41 (3.9%)	3.61	2nd

Table 1, item 2 reveals that respondents believe that minimum wage increase motivates workers to be more productive at their places of employment and increase on the general output (mean= 3.7) since it helps to reduces income inequality (mean 3.61). ? % however disagreed that it will help reduce poverty level.

Research Question 2 : What are the advantages and disadvantages of minimum wage increase in Nigeria?

Table 2 : Percentage and Mean Scores and Ranking of Respondents Perception of the Advantages of Minimum Wage Increase in Nigeria.

S/N	Questionnaire Items	Strongly Agreed (4)	Agreed (3)	Disagreed (2)	Strongly Disagreed (1)	Mean	Rank
4.	Minimum wage increase will create job opportunities	630 (60.2%)	344 (32.9%)	41 (3.9%)	32 (3.0%)	3.5	3rd
5.	Minimum wage increase improves the economic condition of workers	772 (73.7%)	153 (14.6%)	81 (7.8%)	41 (3.9%)	3.58	1st
6.	Minimum wage increase leads to a reduction of loot able funds	695 (66.4%)	234 (22.4%)	85 (8.1%)	33 (3.1%)	3.51	2nd

Table 2 shows that item 5 (minimum wage increase improves the economic condition of workers) is regarded as the largest advantage of minimum wage increase in Nigeria, closely followed by its reduction of loot able funds (mean= 3.51).

Table 3 : Percentage and Mean Scores and Ranking of Respondents Perception of the Disadvantages of Minimum Wage Increase in Nigeria.

S/N	Questionnaire Items	Strongly Agreed (4)	Agreed (3)	Disagreed (2)	Strongly Disagreed (1)	Mean	Rank
7.	Minimum wage increase leads to an increase in the general price of goods and services (inflation)	740 (70.7%)	160 (15.3%)	127 (12.1%)	20 (1.9%)	3.55	1st
8.	Minimum wage increase can create unemployment.	707 (67.4%)	210 (20.1%)	100 (9.6%)	30 (2.9%)	3.52	2nd
9.	Minimum wage increase without economic growth is meaningless	712 (68%)	233 (22.3%)	71 (6.8%)	31 (2.9%)	3.45	3rd

Table 3 highlights the negative impact of minimum wage increase in the Nigerian economy as perceived by the respondents. It is believed that the most significant disadvantage of minimum wage increase is that it leads to inflation as shown by the responses on item 7 (mean = 3.55).

Research Question 3 : To what extent does minimum wage improves the economic condition of workers (civil servant)?

Table 4 : Percentage and Mean Scores and Ranking of Respondents Perception on the Extent of Effects of Minimum Wage on the Economy.

S/N	Questionnaire Items	Very High Extent (4)	High Extent (3)	Moderate Extent (2)	Low Extent (1)	Mean	Rank
10.	Minimum wage increase is the responsibility of government.	773 (73.8%)	244 (23.3%)	20 (1.9%)	10 (1%)	3.7	2nd
11.	Minimum wage increase improves the economic condition of workers.	772 (73.7%)	153 (14.6%)	81 (7.8%)	41 (3.9%)	3.58	3st
12.	Economic growth should be a prerequisite for minimum wage increase.	813 (77.7%)	122 (11.7%)	72 (8.7%)	40 (1.9%)	3.63	2nd

Table 4 indicates that item 10 is ranked 1st (mean= 3.7) and perceives minimum wage increase to be the responsibility of government, followed by economic growth as prerequisite for minimum wage increase (mean= 3.63).

General prices of goods and services were further itemized under financial responsibilities. The result is as shown on table 5.

Table 5 : Percentage and Mean Scores and Ranking of Respondents Perception on the Extent of Effects of Minimum Wage on their Financial Activities.

S/N	Questionnaire Items	Very High Extent (4)	High Extent (3)	Moderate Extent (2)	Low Extent (1)	Mean	Rank
13.	Minimum wage increases cost of food items	1005 (96%)	42 (4%)	- (0%)	- (0%0	3.95	1st
14.	Minimum wage increases house rent	982 (94%)	65 (6%)	- (0%)	- (0%)	3.93	2nd
15.	Minimum wage increases cost of transportation	961 (92%)	86 (8%)	- (0%)	- (0%)	3.92	3rd
16.	Minimum wage increases cost of utilities	954 (91%)	93 (9%)	- (0%)	- (0%)	3.91	4th
17.	Minimum wage improves school enrolment	450 (43%)	408 (39%)	102 (10%)	87 (8%)	3.16	5th

Table 5 shows minimum wage increase affects cost of basic needs with cost of food items ranked 1st (mean = 3.95) followed by rent, transportation and utilities while significant others disagreed (8%) that minimum wage increase improves school enrolment.

X. Summary of Interview Schedule

During the interview conducted by the researchers on minimum wage issues, the following responses were obtained from some civil servants.

What is the basis for minimum wage increase in the Nigerian civil service?

Poverty remains one of the biggest problems facing our nation. Most Nigerians cannot afford to eat three times a day, this situation is evident even in the lives of employed civil servants in the North, South, East, and West of the country. What we receive as salary is a joke compared to what politician and workers in the private sector receive. This creates a reluctance to work on our part and if we are not ready to work, how the country can move forward? Since we are the engine room of the government and nation as a whole, minimum wage increase is of great importance to us because of some of the reasons given. (Worlu, Rosemary: Secretary, Ministry of Sports. 2011).

What are the advantages and disadvantages of minimum wage increase in the Nigerian civil service?

As a civil servant in Rivers State there are certainly no disadvantages to minimum wage increase in Nigeria only advantages. We are in dire need for an increase, it will make us more productive and committed towards our job and most importantly put money in our pockets. You won't believe that I've been working in the ministry for more than 10 years and I have no form of savings whatsoever. The money I make as salary every month, all of it goes into feeding and transportation for me and my family. So an increase is very important to help reduce the hardship we are going through.

(Ogbuemi, A. I: Members Association of Civil Servants of Nigeria. 2011).

To what extent does minimum wage increase improve the economic condition of workers?

Minimum wage increase improves the condition of civil servants a very little, but not much at all. It is actually better than no increase at all. For instance, before the minimum wage increase of 2003, my salary was about N18, 000 every month. And this money wasn't enough for me to take care of some basic necessities like feeding, paying rent and school fees for my children. After the increase my salary increased to N20, 812 as you can see the difference wasn't really much but it has made a little difference. (Pepple, Godwin; Ministry of Works, Rivers State. 2011)

XI. Discussion

The study revealed that minimum wage increase is the responsibility of government (item 10) so it should be integrated to increase government budgetary estimates. This will enable it fund such an increase when due and this can be done through development of its revenue base. This is evident by the similar opinion expressed by 77.7% of respondents on Table 3a (item 12) they are also of the view that government has to put all the necessary mechanisms in place to meet this responsibility.

Item 2 shows that the rationale behind minimum wage increase is that it will motivate workers to be more productive at their offices. The increase in productivity will lead to an increase in the level of production output, increase the GNP and ultimately bring about economic growth. Economic growth is seen as a panacea for poor standard of living and poverty; this is highlighted in Table 2 (item 5) by 73.7% of respondents who indicated that minimum wage increase lead to improvements in the general standard of living of the masses. This study shows people's perception, but we know that salary increase though a motivator only gives temporary relief and return the beneficiary back to square one as soon as he adjusts to the new salary.

This study also pointed out the advantages and disadvantages of minimum wage increase in the Nigerian economy. Apart from improving the living standard in Nigeria, minimum wage increase will also contribute to reducing the funds being looted by corrupt politicians. Moreover, it alternatively creates a more equitable distribution of income. This point is shown on Table 2, (item 6) by 66.4% of respondents who indicated this.

A starling revelation about minimum wage and inflation was made on Table 5 when the respondents rated the state of some of their financial responsibilities after the implementation of minimum wage in Nigerian economy. In summary, it reveals the reaction of Nigerians on wage increase thus; increase of food items by traders (96%), rent by property owners (94%), transportation fare by transporters (92%), Power Holding bills (91%), private cost of school (cost fees, books, uniforms and so on) all increase in geometrical proportion. The situation is worst with those who have their wards in private schools.

In a study on the impact of minimum wage increase in Nigeria, Klein, D. & Stewart, D (2007) found that increase in minimum wage should be accompanied by corresponding economic growth strategies to reduce the economic disadvantages associated with such an increase. The strategies should include attempt by the government to control prices of commodities and facilities, otherwise the well-intentioned increase will go down the drains.

XII. Conclusion

The study investigated the impact of minimum wage increase on both the Nigerian economy and the lives of the average Nigerian civil servant (worker). The data used was from quantitative and qualitative survey among 1047 civil servants of the Federal and State Secretariats in Port Harcourt, Nigeria. The study shows that the impact of minimum wage increase is diverse; they act as a motivational tool that can increase productivity in the work place, they can pave the way for improving the living condition of workers, it is the responsibility of the government to enforce minimum wage laws in the country. In majority of the cases, the limitation associated with minimum wage increase is that it leads to an increase in the price of goods and services produced in the country (inflation).

Increase in minimum wage is perceived to be solely the responsibility of the Federal government of Nigeria to determine and ensure enforcement. That is private organizations are not capable of stating the minimum wage they or any organizational body will pay, only the government can do that. Other factors include the rationale behind minimum wage increase as perceived by civil servants, they believe that it is capable of increasing output, reducing income inequality and eradicating poverty in that order of ranking. Some major disadvantages of minimum wage increase as perceived by Nigerian workers is that market traders in Nigeria will begin to increase the prices of their commodities (inflation) as soon as there is a change in the minimum wage. Also employers who are not capable of paying the minimum wage to all their employees will result to retrenching workers so as to reduce cost or not employ at all, this trend will ultimately result to an increase in the level of unemployment.

Minimum wage issues have constantly been the basis for strikes, boycotts and protest by trade unions of all sorts in Nigeria. Government has failed to fashion out a method of discreetly increasing minimum wage in Nigeria in such a way that it is prompt, timely and reasonable enough to meet the basic needs of workers. The study found out that although minimum wage changes are solely the obligation of the government they often do not succeed in setting minimum wage adjustments on time and this leads to strikes and protest. In addition, trade unions were found to have resulted to protest and strikes to make the objections known, these were found to exacerbate the situation as reported by those interviewed.

XIII. Recommendations

The research makes the following suggestions based on the result of the finds:

* Members of trade unions, civil servants and the public should be enlightened on minimum wage issues in Nigeria and their impact on the economy. This will help in reducing the use of strikes and protest to make their objections known.
* The Federal Government should adopt modern methods of making minimum wage changes from developed countries where such changes have been a success. There is a need for changes to suit and meet the basic and financial needs of workers in the country to avoid unnecessary protest and strike actions.
* The economy should attain some level of growth in Gross National Product (GNP) before embarking on massive levels of minimum wage changes or this will result to a return to the status quo of workers and may create high levels of unemployment.
* Minimum wage increases in Nigeria should be implemented without alerting the public particularly market traders about such changes to avoid increase in prices and inflationary tendencies. Too many electronic and print media discursion and publication send the signal to business people to adjust.

These recommendations stated above will significantly reduce some of the hassles associated with minimum wage changes in Nigeria.

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