GLOBALIZATION AND INDUSTRIAL RELATIONS SYSTEM IN NIGERIA

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Abstract: Globalization has a major impact on the management of human resources in developing countries including Nigeria. With accelerating globalization, organizations have had to change and new trends have set in even in the industrial relations system and the management of human resources. The fundamental issue addressed in this paper is the extent to which Nigeria has restructured her industrial and trade systems for effective industrialisation within the on-going trade globalisation process. Globalization can therefore be said to have had a phenomenal impact on a developing economy like Kenya that is both positive and negative as explored in the paper.

Keywords: Globalisation, Industrial Relations, Human Resource Management, Trade Liberalisation

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INTRODUCTION

Globalisation is a driving force in global economic development today. It concerns all actors in the economy, ranging from individuals and households to governments. Globalization has become the economic buzz word since the 1990s. But there seems to be a consensus that it is not a new phenomenon. It has been argued that globalization has proceeded throughout the course of recorded history, though not in a steady and linear fashion (Ajayi, 2001; Mason, 2001). In recent years, the phenomenon has intensified in its ramifications and become a very important issue for discussion in various fora. The present era has the distinctive features of shrinking space, shrinking time and disappearing borders which are linking people’s lives more deeply, more immediately than ever before (Obadan, 2008; 2003).

The pace of globalization is increasing continuously in terms of markets for goods and services, investment opportunities across borders amongst others. As a result, the world has witnessed increased interdependence in the last few decades. The main driving forces of this process are technology, policy, global competition and it subordinates domestic economies to global market conditions and practices (Alimi and Atanda, 2011). Indeed, the force of globalisation especially in spreading western-capitalist and democratic principles has been completely dominant since the collapse of the Soviet Union in 1989. With that collapse, a unitary economic ideology based on the capitalist system has triumphed even among countries that still profess to adhere to the socialist political ideology such as China. Rapidly evolving globalisation and competitiveness have brought to the fore the importance of effective industrial relations for local and multinational organisations. In recent years, there has been a remarkable development in industrial relations through-out the world. However, the majority of research has focused on industrial relations in developed countries. The development and understanding of industrial relations in third world countries make the documentation of industrial relations practices unattractive and unappealing. The importance of industrial relations therefore has been growing over the past years. The arguments about globalization and the subsequent convergence of industrial relations practices have been widely canvassed for at least the last fifty years since the publication of industrialism and industrial man (Kerr, et al, 1960). While existing comparative studies have shed light on the practices of the three principal actors (trade
unions, employers' association, and government) of any industrial relations system. This study has mainly been based on the conceptual explanations and review of the roles/contributions of globalisation to industrial relations system in Nigeria.

CONCEPT OF GLOBALIZATION

Globalization has tended to mean different things to different people and different things to the same people across time and space (Fischer, 2001). Although Caselli (2004) is of the view that “we still await a definition of the phenomenon (globalization) which meets the approval of the majority of scholars”, his own definition provides a fairly comprehensive view of the phenomenon. To him, globalization is a set of processes which increases the number and heighten the intensity of contacts, relations, exchanges and dependence and interdependence relationships among various parts of the world; transforms the importance of ‘space’ and ‘time’ with respect to those relations and relationships; increase and spread awareness among the planet’s inhabitants of the existence of those relations and relationships, as well as of their importance for their personal lives.

Todaro and Smith (2003) contend that globalization is the increased openness of economies to international trade, financial flow and direct foreign investment. In his own view, Ninsin (2000) states that globalisation is about an increasingly interconnected and interdependent world, international trade, investment, finance that have been growing faster than national incomes. It involves technologies that have transformed people’s ability to communicate in ways that would have been unimaginable a few years ago. Furthermore, it offers new opportunities for workers in all countries to develop their potentials and support their families through jobs created by greater economic integration. Globalization is a powerful real aspect of the new world system, and it represents one of the most influential forces in determining the future course of the planet. It has manifold dimensions: economic, political, security, environmental, health, social, cultural, and others. Globalization has had significant impacts on all economies of the world, with manifold effects. It affects their production of goods and services. It also affects the employment of labour and other inputs into the production process. In addition, it affects investment, both in physical capital and in human capital. It affects technology and results in the diffusion of technology from initiating nations to other nations. It also has major effects on efficiency, productivity and competitiveness (Intriligator, 2003)
However, globalization is not just an economic phenomenon which integrates world economies but also of culture, technology and governance. It also has religious, environmental and social dimensions. In other words, globalization is multi faceted (Daouas, 2001; Obadan, 2001; 2002). What has become clear, however, is that the various dimensions of globalization affect people, institutions and countries in one way or another, positively or negatively. This is, perhaps, why some view globalization as a process that is beneficial – a key to future world economic development – and also inevitable and irreversible. But others regard it with hostility, even fear, believing that it increases inequality within and between nations, threatens employment and living standards and thwarts social progress (Obadan, 2008).

Contemporary globalization is highly information based. It combines progress in electronics, computing and telecommunication to come up with a highly dynamic process of storing, processing, transmitting and presentation of information. It gained momentum with the innovations and improvement in modern information super highways has subsequently been viewed as emphasizing on the openness of trade, factor flows, ideas and information. Kolodko (2004) identified distinct phenomena, which he described as the fundamental features of modern globalization. First, is the increase in the volume of world trade to nearly twice as the volume of output. Second, is the obvious increase in the capital flows. The third reason is that globalization is also associated migrations. Having observed the far reaching cultural change and the post socialist systemic transformation, Kolodko argues that globalization is an irreversible process especially from the point of view of incredibly accelerated information flow and decreased communication and transformation cost.

INDUSTRIAL RELATIONS DEFINED

The issues of labour-management relations have existed from time immemorial. Beal and Begin (1982) remark that every human society and culture creates some kind of an industrial relations system or system of relations between the people who head organizations and direct its activities and those who do the work. Put in another way, the relationship between workers and those they work for is as old as human society itself. But this relationship has changed in accordance with prevailing socio-political and economic settings. The relationship has variously manifested in history as that between slave and master, between the serf and the baron of feudal societies, between the master and the
workman of the industrial revolution era, and between the employee and employer of the present day.

According to Ogunbamuru (2004) looking for a universal definition of industrial relations may be as stressful as looking for an Ocean in the desert. This is because over the years, the concept has been subjected to different conceptual treatment. Differences in definition derived partly from the fact that despite a long history of academic investigation, no single disciplinary core has yet emerged in descriptions and explanations of industrial relations behaviour. For instance, sociologists, historians, economists, lawyers amongst others continue to make contributions often with scant regard for each other. Industrial relations therefore refer to the pattern of interaction or relationship between employer and/or management on the one hand, and employee and/or trade unions on the other, including the activities of government in supervising and controlling the industrial relations system. These are patterns of relationships that are directly related to such issues as productivity, discipline, employment, conditions of service, wage security, safety and so on. Fajana (2005) defines industrial relations as encompassing every conceivable feature affecting the management of labour (human resources) including activities of government or its agents in such manpower management.

Industrial relation refers to the combination of interactions that take place between the employee and employer in an organisation (Englama, 2001). He believed that the fundamental problem in all organisations, whether business, educational, local or national, was in developing and maintaining a dynamic and harmonious relationship. To achieve this, group dynamics, policy making by consultation, diffusion of authority, delegation, vertical and horizontal communication, have to be ushered in. Yesufu (1982) on his part sees industrial relations as the whole web of human interactions at work which is predicated upon and arises out of the employment contract. Both definitions recognize that industrial relations is concerned with the systems, rules and procedures used by unions and employers to determine the reward for effort and other conditions of employment, to protect the interests of the employed and their employers and to regulate the ways in which employers treat their employees. Industrial Relations according to Fashoyin (2005) is not restricted to what happens between management and workers in public and private
enterprises, nor to the implementation of labour laws and provision of collective agreements.

From these definitions, industrial relations include not only labour management/relations, but the term also comprehends an all-embracing approach to resolving and/or reconciling conflicts as well as improving the lot of workers in the relationship between employer and employee. One thing that is clear is that industrial relations is basically about the study of people in the world of work, that is, the employment relationship. In other words, it has to do with the relationship between the employer and employee as spelt out in the contract of employment and related legislation. Yet, there is no employment relationship that is not affected by the nature and character of the larger society which determine the relative placing of the various industrial relations actors; employees, employers and government, within the scheme of things. It is precisely because of this that this section will focus largely on the character of the industrial capitalist society, which engendered the formalised employment relationship in the first place.

INDUSTRIAL RELATIONS IN NIGERIA

From when Nigeria got independence in 1960 till date, the industrial system of the country has been characterized by industrial disputes, crises, and unrest in its entirety. A major feature of the industrial system, be it public or private, as been one of strikes, lockouts, picketing, sit-downs, work to rule and demonstrations. This situation has made many to describe the relationship of organized labour and government agencies as been that of “cat and mouse”. There are constant disruptions in all spheres of the Nigeria, from the educational sector to the power sector of the economy (Okaka and Eriaguna, 2011).

With industrialisation and commercialisation that started in the 1940s, came wage employment. This was first introduced in the colonial public services in the early part of this century in Nigeria. This became predominant during the laying of the railway track from Lagos to the hinterland. The incidence of wage payment marked the beginning of industrial relations and personnel management in Nigeria.

Until the 1960’s, most of the personnel positions were filled by expatriates, who the unions thought to be oppressors of the workers. Later, employers had to embark on the Nigerianisation of this function. The process of Nigerianisation absorbed trade union leaders into the position of personnel managers. The employers perceived the role of personnel
managers as pacifiers of unionists. However, with independence the situation changed with
the recruitment of young graduates. Emphasis now is on how to make industrial relations
actors behave responsibly, so as to generate meaningful development for their economies.
Today, employers through the employers association – NECA’s Committee on Industrial
Relations, Education and Training influence different aspects of the personnel and industrial
relation function.

GLOBALIZATION VERSUS INDUSTRIAL RELATIONS

Over the last decade there has been growing use of the term "globalization" to refer to a
series of changes in the international economy. The competitive pressures faced by the
modern day enterprise for survival and success due to globalization and liberalization will
continue to create room for future demand for organisational excellence. The new, global,
complex, and often chaotic world of the Multi-national Enterprises requires a new strategic
focus and new capabilities from HR just as it does from other management functions
(Briscoe et al, 2009). Globalisation, the collapse of the Soviet bloc and the concomitant
triumphalism of capitalism, the dominance of western model democracy, the
unprecedented technological advancement and the recurring economic recession since the
1970s are global socio-economic and political factors that shape contemporary world trends
in industrial relations of most countries (Okey and Onyishi, 2011). Industrial relations
entered national policy with the Industrial Revolution in Europe in the 19th Century and had
since then continued to change in response to socio-economic, political and other
environmental factors faced by countries. The rise of socialism in the early period of the
20th century made significant contribution to industrial relations (Olukoshi, 1994).

The move towards market orientation (liberalization) in many countries has been reflected
in deregulatory policies by governments, including the reduction of tariff barriers,
facilitating the flows of capital and investment, and privatization of State owned enterprises.
Liberalization has preceded or been forced by globalization (involving greater integration in
world markets, and increased international economic interdependence). Both phenomena
have been facilitated by the significant growth in world trade and foreign direct investment
in recent years, and by information technology which has facilitated rapid financial
transactions and changes in production and service locations around the world (Macdonald,
1997).
One major feature of globalisation is the internationalization of production, which is characterized by direct investment, by technological co-operation between groups that goes beyond simply taking advantage of the world market for technological innovation to include the creation of global networks in which new technology are developed and implemented. There is also the consequent emergence of a complex system of worldwide subcontracting of, and specialization in, the production of goods and services (Alvater 1997; Scherrer & Grenven 2001). Under the regime of globalisation, investors (foreign) have been frontal in insisting on labour market flexibility and exception from compliance with existing labour legislation/standards. In actual fact, the tendency in the economic literature is to refer to labour standards and legislation as constituting part of the “rigidities” and “distortions” that impede the smooth functioning of the labour market (Scherrer & Greven, 2001; Plant, 1994 and Panford, 1994).

The competitive pressures faced by the modern day enterprise for survival and success due to globalization and liberalization will continue to create room for future demand for organisational excellence. The new, global, complex, and often chaotic world of the Multi-national Enterprises requires a new strategic focus and new capabilities from HR just as it does from other management functions (Briscoe et al, 2009). In the present day, government is conducted on international scale and this involves the transfer of goods and services, technology, managerial knowledge and capital to other countries or across national boundaries. Globalization has made the world smaller through fast communication network. The economies of the world have become increasingly integrated. The progress and survival of the business enterprise of this century can be measured in this sequence: information, knowledge and their application through science, engineering and technology. In other words, knowledge sharing impacts on global enterprises as they export their management philosophies and techniques, as well as their technologies, products and services around the world (Bhagwatti, 2004; Kuruvilla et al, 2003). With the rapid expansion of global markets coupled with the view that the whole world in one market, it has now become imperative for the industrial relations practitioners to adapt to international needs by moving people, ideas, products and information around the world to meet local needs. In addition to these factors, the geographic dispersion, multiculturalism, different legal and social system and cross-border movement of capital, goods, services and people that the international firm
faces adds a need for competency and sensitivity that is not found in the domestic firm (Vance and Paik, 2006).

When analysing the general interdependence between globalisation and industrial relations it would be misleading to refer to the relevance of globalisation solely in quantitative terms. From an industrial relations perspective, it is common sense today that the controversy over whether globalisation is a “reality or a myth” is of only minor importance. At least as important as the quantitative dimension of the phenomenon itself is the kind of effect that the ideology of globalisation has had on national regulatory regimes in recent years – notably through the increasing locational competition it has engendered between advanced industrialised countries. The bargaining and regulatory procedures of these countries are condemned to functioning as transmission belts that improve or worsen the conditions for attracting foreign direct investment and employment. This has led to a recasting of industrial relations in Europe which is characterised by the tendency toward increasingly market-oriented relations between capital and labour (Altvater and Mahnkopf, 1993; Hyman, 1999). The principle of co-ordination has been followed by regime competition among national industrial relations where the employers, as the decisive new actors, are capable of achieving comparative advantage by mixing national or sectoral traditions of regulation (pathdependency) and regulatory experiments (path-changes). As noted by Streeck (1998), of vital importance is the fact that in the past the recasting of national industrial relations by regime competition has not necessarily presupposed much actual movement of production across national borders.

The tendency towards a considerable increase of structural power on the side of the employers has led various experts in the field of comparative industrial relations to address the question of whether the potential to internationalise production and firm organisation will further undermine existing institutionalised regulation on a national level. It is interesting to see that the recent emphasis on nationally distinctive adjustment paths to pressures for industrial rationalisation now increasingly competes with the renaissance of modernist assumptions of the 1950s and 1960s (Boyer, 1996).

In the present day, business is conducted on international scale and this involves the transfer of goods and services, technology, managerial knowledge and capital to other countries or across national boundaries. Globalization has made the world smaller through
fast communication network. The economies of the world have become increasingly integrated (Bhagwatti, 2004).

Globalization has disturbed the status quo between "capital" and "labour" in each country, in the sense that capital is significantly more mobile in an open international environment, while labour remains relatively immobile (here it should be noted that, under globalization, international labour migration is continuing, but, proportionately to the rate in the 1970's, has not increased (World Bank 1995). This can place "labour" at a relative disadvantage, in that "capital" can now employ "labour" in different countries, at lower cost and on a basis which can prejudice the continuing employment of workers in the originating country. The most devastating effect of globalization is massive job loss resulting from a combination of the fall out of its various components which the Nigerian government has been obliged to undertake. As it obtained in the structural adjustment years (the mid-late 1980's) a significant retrenchment among organized professional workers and civil servants has been witnessed. Both in the private and public sectors, down-sizing, low capacity utilization and privatization of public enterprises have led to loss of jobs in the same process in which new jobs are hardly created. In the public sector, the privatization of public enterprises and the unending reforms in the civil service have ensured that tens of thousands of workers have been sent into the unemployment market. This is also in a context in which only very few new hands are employed. With the obsession of cutting public expenditure, most states and the federal governments have not been forthcoming in employing new hands to fill vacancies (Adewumi, 2012).

With the rapid expansion of global markets coupled with the view that the whole world in one market, it has now become imperative for the Human resource practitioners to adapt to international needs by moving people, ideas, products and information around the world to meet local needs. In addition to these factors, the geographic dispersion, multiculturalism, different legal and social system and cross-border movement of capital, goods, services and people that the international firm faces adds a need for competency and sensitivity that is not found in the domestic firm (Vance and Paik, 2006).

THE CHALLENGES OF INDUSTRIAL RELATIONS IN A GLOBALISED ECONOMY

Due to globalisation, enterprise now faces business challenges which require the organisation to build new capabilities. This innovation has created opportunity for the
industrial relations professionals to play leadership role in assisting the organisation to meet the competitive challenges. With the rapid expansion of the global markets as earlier stated, the industrial relations professionals must think globally and transform same to meet local needs. They must be more literate in the ways international customers are handling commerce and competition than ever before. Globalization and Internationalization has given rising concern for processes and competencies, more emphasis on customer/client satisfaction, increased education and enlightenment of workers amongst others (Anyim, et al, 2011).

Globalisation is making it difficult for organisations to shape employee relations policies solely in terms of a national or subnational government jurisdiction as some international pressure groups can exert a lot pressure on governments to regulate some areas of employment. A case in point is the pressure on governments in some third world countries such as Pakistan to control child labour in the carpet and garments industries. Thus, with the intensification of the globalisation process we are witnessing major shifts in employee relations in many developing countries (Smith and Debrah, 2000).

Wokoma and Iheriohanma (2010) examined how the phenomenon of globalization affects or poses a challenge to organizations operating in the Third World countries, especially Nigeria. As a result of some skewed and embarrassing features discovered from their study such as inadequate skilled manpower, lack of critical social, legal and economic structures, etc, and the challenging forces and propellants of globalization such as technological innovations, economic liberalization, etc, third World economies have not gained the advantage of global world economies.

**Challenges of globalisation on industrial relations**

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and innovation
- Knowledge society, networking, social capital
- Labour market flexibilisation
- Increasing labour migration
- Rise of atypical and non-standard employment forms
- Changes in working conditions and work content
- Job-skills mismatches, multiskilling, need for lifelong learning

| OUTCOMES |
| Wages, working time, working conditions |
| IMPACTS |
| Productivity, job and employment security, industrial peace |

Sources: Kaia and Raul, 2007; Kauppinen, 2006; Mills and Blossfeld, 2005;

GLOBALISATION AND INDUSTRIAL RELATIONS IN NIGERIA

The contemporary trend in industrial relations in Nigeria could be said to have begun with the Structural Adjustment Programme (SAP), introduced in the country in 1986. It is with SAP that the mixed economy system that has dominated the economic policy of the country since independence began a transformation to the more restrictive market economy approach to development issues. From that period onwards, the world socio-economic and political contexts became visible determinants of industrial relations policy and practice in Nigeria. The emergence of Nigeria into globalization started significantly with the advent of Structural Adjustment Programme (SAP) in collaboration with the International Monetary Fund (IMF) and World Bank which led towards external liberation focusing on market oriented economic system, export-led strategy and stability of the economy.

Nigeria as an economy cannot develop in isolation. Therefore, efforts must be geared towards removing factors that hinder effective integration of Nigeria to the global economy and improving benefits derivable from globalization. It is important to note that industrial relations tradition in Nigeria has been more interventionist than voluntary and democratic. Governments have intervened to build or decimate unions in accordance with their current policy. They have frequently paid what in practice transpired to be mere lip service to the principle of industrial democracy. Numerous draconian and reckless labour laws introduced
by various epochs of Nigerian government to curb trade union rights and industrial democracy continue to have an impact on practice. On the other hand, labour has been both reactionary and militant in approach, holding strikes and other industrial actions as the only effective way to challenge the over-bearing posture of the state in industrial relations (Ikeanyibe, 2009).

In terms of industrial relations practice in Nigeria, the new democratic dispensation since 1999 has moved the country’s labour policies deeper into strong regulations of industrial relations that are directed towards total decimation of the labour unions in the country.

CONCLUSION

Without doubt, the global system is entering a new era. The end of the twentieth century has ushered in unprecedented and largely anticipated changes, at least, not with the rapidly and decisiveness with which the changes occurred. Globalization has changed the focus of industrial relations, and the quality and type of such relations at enterprise level in a particular country will either position it well or not so well to take advantage of globalization.

Globalization is not a new phenomenon. But it has intensified in its ramifications in the last two decades and attracted so much attention. It has remained a powerful force shaping world economies for good or for ill. Following the challenges posed by globalization, it is hoped that the industrial relations professionals will not only destroy the stereotype routine methods of doing job but would launch industrial relations full potentials for more positive contributions to employees’ well being and organization building.

The future of industrial relations can be best described as bright. Notwithstanding the challenges presently faced, one can confidently infer that Nigeria is catching up, albeit slowly, with trends in global industrial relations practices. Even as globalisation has its negatives, the positives are worth learning on, not only for organisations but also the workforce.

REFERENCES


