Social Protection and Compensation Management in the Nigerian Public Sector: A Historical Review from 1934 - 2019

*Joy Onyinyechi Ekwoaba¹ and Christopher Odogwu Chidi¹

Abstract
Social protection and compensation are critical in employer-employee relationship which could unfittingly be a major source of conflict in labour-management relations. This paper reviewed social protection and compensation management from 1934 to 2019 with a view to understanding the context of collective bargaining, salaries and wages administration in the Nigerian public sector. It adopted the historical research design and relied on secondary source of data based on the review of literature and archival documents. It argued that the adoption of collective bargaining and the government commitment to abide by the agreements reached with unions in the public sector remain the cardinal means for promoting peaceful labour-government relations and to a large extent forestall incessant strikes that have bedevilled the public sector in recent times. It therefore concluded that there is the need for the Ministry of Labour and Employment to be alive to its responsibilities by ensuring that government labour policies and laws on social protection are implemented to the letter. It recommended that robust budgetary allocations should be allotted to the key sectors of the economy, especially the health sector so as to meet the needs of workers and Nigerians in general. In the same vein, the state-of-the-art medical facilities and centres should be established in the six geo-political zones to meet the health needs of the teeming Nigerians to reduce medical tourism abroad. This of course will assist to conserve foreign exchange which can be ploughed back to the economy for developmental projects that will benefit the citizenry.

Keywords: Social Protection, Compensation, Wage Commissions, Public Sector, Nigeria

Introduction
Social protection is a human right. It ensures access to health care and income security for all. It makes provision for the sick, the unemployed, the injured, the elderly to mention a few. Social protection is one of the four pillars of Decent Work Agenda as espoused by the International Labour Organisation (ILO). According to the ILO (2013), decent work has four main pillars. These are promoting respect for core international labour standards; generating decent and productive employment; improving social protection and encouraging social dialogue. Decent work entails doing a job which gives sustainable income and due respect for fundamental human rights and security at work. Social protection and compensation are critical in employment relationship and could be a major source of conflict in labour-management relations if relegated to the background.

According to Otobo (2007, p.162), “in Nigeria, the public sector is much larger than the private sector in many respects such as the quantum of investment, employment opportunities and size of the workforce.” The involvement of the Nigerian government in workers’ compensation (wages and salaries) began at the turn of the 19th century arising from the emergence of wage labour (Fashoyin, 1992). A wage is used specifically to refer to payment to hourly-rated production and service workers and represents direct monetary compensation; whereas, salary is generally paid to administrative, professional and managerial employees. Salaries are calculated on a monthly or

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annual basis (Yoder & Staudohar, 1982). There are three broad methods by which wages, salaries and conditions of service are determined in Nigeria. These are the individual-employer contract, collective bargaining and Government or State intervention (Chidi, 2017). “Collective bargaining was originated by Sidney and Beatrice Webb a British couple in 1891 to describe the process of agreeing terms and conditions of employment through representatives of employers (and possibly their associations) and representatives of employees (and probably their unions)” (Rose, 2008, p.274).

Collective bargaining was introduced in the public sector in 1948, under the Whitley councils system which was meant for the regulation of employment conditions in government establishments. In its industrial relations policy, published in 1955 the Nigerian government reaffirmed its confidence in the effectiveness of voluntary negotiation and collective bargaining for the determination of wages (Fashoyin, 1987). According to Fashoyin (1987), for a long time the public employer has used the civil service regulations and ad-hoc wage commissions in determining wages and a host of other conditions of service in the public sector. This has hampered effective collective bargaining, specifically on social protection and compensation management of the workers in the Nigerian public sector.

The objective of this paper is to examine social protection and compensation management in the Nigerian public sector from 1934 to 2019; with emphasis on the Labour Act, the Minimum Wage Act, Pension Scheme, the National Health Insurance Scheme as well as the Employees’ Compensation Act which regulates payments to employees for injuries/death and health insurance. To achieve this objective, this paper adopted a historical research design and relied on secondary data based on the review of literature. It is structured into eight sections where the first paraded the introduction, the second reviews wage commissions in Nigeria while the third examines labour Act. The fourth section reviews the employees’ compensation Act. Section five examines the minimum wage Act in Nigeria. Section six dwells on the national pension scheme in Nigeria. Section seven reviews the NHIS scheme; while section eight deals with conclusion and recommendations.

A Review of Wage Commissions in Nigeria

According to Otobo (2007), the government as employer of labour, have been determining public sector terms and conditions through the establishment and functioning of wages and salaries commissions. In Nigeria, pay/wage determination via wage commissions dates back to the colonial era with the establishment of the Hunt Commission in 1934. The establishment of the Hunt Commission opened the floodgate for the establishment of several wage commissions as depicted in Table 1.
### TABLE 1: WAGE COMMISSIONS IN NIGERIA PRE AND POST COLONIAL ERA

<table>
<thead>
<tr>
<th>WAGE COMMISSIONS</th>
<th>YEAR INSTITUTED</th>
<th>REASONS FOR SETTING THEM UP/TERMS OF REFERENCE &amp; RECOMMENDATIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hunt Commission</td>
<td>1934</td>
<td>This was set up to structure the wages of unskilled workers in the public sector by the colonial administration (Eneanya, 2009).</td>
</tr>
<tr>
<td>Bridges Commission</td>
<td>1941</td>
<td>This was set up to examine the adequacy of workers’ wage rates on the basis of changes in the cost of living and to make recommendations. It was set up to cushion the effects of the rising costs of living as a result of the harsh effects of the second world war (World War II). The cost of living allowance (COLA) awarded throughout the country was the aftermath of the committee’s report (Eneanya, 2009).</td>
</tr>
<tr>
<td>Tudor-Davis Commission</td>
<td>1945</td>
<td>As a result of the general strike of 1945, which lasted for 45 days, the Tudor-Davis Commission was established. The commission recommended an increased in the cost of living allowance (COLA) by 50 per cent for public sector workers. The commission recommended the establishment of two staff cadres in the public sector, the ‘Junior’ and ‘Senior.’</td>
</tr>
<tr>
<td>Harragin Commission</td>
<td>1946</td>
<td>The commission was set up following the 1945 general strike. The commission recommended a two-level service structure, which is senior and junior civil servants, and salary adjustment for established government staff.</td>
</tr>
<tr>
<td>Miller Commission</td>
<td>1947</td>
<td>This was established to examine and review the COLA for daily paid labourers and unestablished government employees. It introduced the zonalisation of wages in Nigeria. The commission recommended principle of payment on the basis of geographical location of workers. This led to pay differentials based on location and cost of living. The recommendation of geographically-based pay was based on the idea that cost of living was higher in cities especially Lagos then and its immediate environs. Therefore, wages/salaries should be lower the farther a worker lived away from Lagos. Labour unions protested and demanded for uniform wages/salaries irrespective of workers’ location.</td>
</tr>
<tr>
<td>Whitley Commission</td>
<td>1948</td>
<td>Following the desire of workers to be involved in the determination of their conditions of employment, the government introduced the Whitley councils in 1948, which had been in existence in England since 1919. The Whitley system consists of three councils: 1, 2 and 3 respectively for senior, junior and industrial employees.</td>
</tr>
<tr>
<td>Gorsuch Commission</td>
<td>1955</td>
<td>This commission abolished the senior and junior service structure in view of the absence of a middle category and recommended the establishment of five main grades from the lowest established posts upwards with parallel classes for both administrative and professional cadres and recommended a new set of salary scales on the basis of the revised grade structure.</td>
</tr>
<tr>
<td>Mbanefo Commission</td>
<td>1959</td>
<td>This reviewed existing salaries and wages paid by the Federal, Northern and Eastern Governments. It advised against the frequent use of review commissions and recommended a new wage and salary schedule.</td>
</tr>
<tr>
<td>Morgan Commission</td>
<td>1963-1964</td>
<td>After political independence from Great Britain in 1960, the Morgan commission was set up to review salaries and...</td>
</tr>
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</table>
wages following the general strike of September 27, 1963. It recommended a progressive levelling up of minimum wages paid throughout the country, until a national minimum wage would emerge. It recommended salary reviews of lower cadre workers in the private and public sectors.

<table>
<thead>
<tr>
<th>Commission</th>
<th>Years</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adebo Commission (The Salaries and Wages Review Commission)</td>
<td>1970-1971</td>
<td>This was set up to recommend revision of salaries and wages in the public sector as a result of the excruciating effect of the civil war. It addressed the problem confronting the public sector which was the deficit of senior civil servants owing to the poor remuneration package. It recommended the setting up of a Public Service Review Commission to examine the role of the Public Service Commission, the structure of the civil service and its conditions of service and training arrangements. The acceptance of the recommendations of the commission led to the setting up of the Udoji Public Service Review Commission.</td>
</tr>
<tr>
<td>Udoji Commission (The Public Service Review Commission)</td>
<td>1972-1974</td>
<td>This commission was set up to establish equitable pay system in line with the Nigerian economy. It recommended the Unified Grading and Salary Structure (UGSS) using the method of job evaluation. The commission reduced the wages and salary scales from 183 to 17 in 1974 after a job evaluation exercise. With the UGSS, a new staff would be automatically placed on a salary scale commensurate with the staff qualification and experience. Udoji Commission also introduced the open reporting system for performance evaluation. The following monitoring bodies were established to ensure implementation: a) Public Service Review Unit (PSRU); b) Anti-Inflation Task Force. It recommended the establishment of Productivity Prices and Incomes Board to advise government on national incomes and carry out research on wages and salaries; c) The National Public Service Negotiating Council which replaced the Whitley Council charged with the task of resolving industrial relations problems regarding pay and other conditions of service. The Udoji Commission on the review of the Public Service recommended that a permanent body be constituted to inter alia, take care of annual reviews of wages and salaries in the Public Service. This could have led to the establishment of the National Salaries, Incomes and Wage Commission in 1993.</td>
</tr>
<tr>
<td>Akintola Williams Commission</td>
<td>1975</td>
<td>Following the publication of Udoji report and the spate of protests that greeted the report, the Akintola commission was set up to redress the problems. The panel received 3,306 petitions dealing with the anomalies in the grade and salary structure recommended by Udoji commission.</td>
</tr>
<tr>
<td>Onosode Commission</td>
<td>1981</td>
<td>This was a Presidential Commission set up to review the wages and salaries of parastatals as a result of agitations for higher salaries. Such as the Universities, statutory corporations, State-owned enterprises and the Central Bank. It recommended the removal of some parastatals from the Unified Grading and Salary Structure (UGSS). It recommended that the 17-grade salary structure should continue to be used for public employees in the civil service.</td>
</tr>
<tr>
<td>Cookey Commission</td>
<td>1981</td>
<td>This was a Presidential Commission set up to review the salaries and conditions of service of university staff. It</td>
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<tr>
<td>Committee Name</td>
<td>Year</td>
<td>Description</td>
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</tr>
<tr>
<td>Presidential Tripartite Minimum Wage Committee</td>
<td>1981</td>
<td>It was only in 1981 under the Shagari civilian administration that a tripartite wage bargaining took place following the general workers strike of May 1981 which lasted for three days organised by the NLC occasioned by the demand of the NLC for wage review. This led to the minimum wage of ₦125.</td>
</tr>
<tr>
<td>Adamolekun Commission</td>
<td>1982</td>
<td>This commission worked on conditions of service in other educational institutions such as Colleges of Technology, Polytechnics, Teacher Training Colleges and Technical Colleges owned by the Federal government.</td>
</tr>
<tr>
<td>Fatai Williams Commission</td>
<td>1990</td>
<td>This commission was set up to review the remuneration of doctors who wanted to opt out of the UGSS as the structure was not favourable to their members in terms of earning power. The commission recommended a different salary structure for health and medical workers comparable to that of the universities to avoid brain drain of doctors.</td>
</tr>
<tr>
<td>Ukandi Damachi Commission</td>
<td>1990</td>
<td>Damachi led tripartite minimum wage committee inaugurated by the Babangida regime on January 30, 1990 was manipulated by President Babangida who determined the minimum wage of ₦250.</td>
</tr>
<tr>
<td>Longe Commission</td>
<td>1991</td>
<td>This is the commission on the review of higher education in Nigeria. The commission examined the challenges besetting tertiary institutions such as funding, salaries and conditions of service as well as curricular and recommended a broad salary raise of 30 per cent to all tertiary institutions staff within the Elongated University Salary Structure (EUSS); and various allowances to go with the salary increase.</td>
</tr>
<tr>
<td>Ayida Alison Commission</td>
<td>1995</td>
<td>The commission under the chairmanship of Mr. Alison Ayida had the mandate to review the performance of the civil service. The commission observed the care-free or lackadaisical attitude to work, corruption and low morale to name a few. The commission noted the remuneration gap between the civil servants and their counterparts in the private sector and parastatals which had widened since the mid-1970s when the Udoji commission tried to abridge the gap. The commission recommended the regular adjustment of salaries and allowances of civil servants in line with inflationary trends.</td>
</tr>
<tr>
<td>The Report of the Vision 2010 Committee</td>
<td>1997</td>
<td>The committee recommended the review of salaries and allowances every two years, on the basis of cost of living index and the comparability of remuneration with the private sector employees; providing assistance in the education of worker’s children by paying education allowances on a maximum of four children per family until they graduate from secondary school. Payment of housing and allowances to enable public sector employees rent adequate accommodation and reduce their incessant demands for living in Government quarters.</td>
</tr>
<tr>
<td>Phillip Asiodu Committee on Harmonisation of Remuneration in the Public Service</td>
<td>1998</td>
<td>The mandate of this committee was to harmonise the proliferation of salary structures in the public sector. It recommended the harmonisation of public service salaries in order to promote industrial harmony. Thus, commercial parastatals be allowed to continue to operate their respective...</td>
</tr>
<tr>
<td>Committee/Commission</td>
<td>Year(s)</td>
<td>Description</td>
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<tr>
<td>Phillip Asiodu Committee on Minimum Wage Review Under</td>
<td>1999</td>
<td>The minimum wage was increased on 1st September, 1999 from ₦250 to ₦5,200 without due consultation with relevant stakeholders. Sequel to strike actions, negotiation between the 36 states and labour, it was agreed that workers in federal establishments should be paid ₦3,500 and their state counterparts should be paid ₦3,000 this was in October, 1999.</td>
</tr>
<tr>
<td>President Olusegun Obasanjo Minimum Wage Review</td>
<td>2000</td>
<td>President Olusegun Obasanjo unilaterally increased minimum wage payable to public sector workers to ₦5,500 for states and ₦7,500 for federal workers.</td>
</tr>
<tr>
<td>Pension Reform Commission</td>
<td>2004 and 2014</td>
<td>The Pension Reform Act, 2004, established a contributory pension scheme for employees in the public and private sectors.(a) In the case of the public service of the federation and Federal Capital Territory: a minimum of seven and half percent by the employer and a minimum of seven and half percent by the employee(b) In the case of military: a minimum of the twelve and half percent by the employer and minimum of the two and half percent by the employee (c) In the private sector, a minimum of seven and half percent by the employer and a minimum of seven and half percent by the employee. In 2014, there is an amendment to the 2004 Pension Reform Act in which case a minimum of ten percent by the employer and a minimum of eight and half percent by the employee.</td>
</tr>
</tbody>
</table>
The term of reference was to re-negotiate the 2001 FGN/ASUU Agreement. The Committee agreed that the essence of the re-negotiation was:

(i) To reverse the decay in the University System, in order to reposition it for greater responsibilities in national development;

(ii) To reverse the brain drain, not only by enhancing the remuneration of academic staff, but also by disengaging them from the encumbrances of a unified civil service wage structure;

(iii) To restore Nigerian Universities, through immediate, massive and sustained financial intervention; and,

(iv) To ensure genuine university autonomy and academic freedom.

The minimum wage was increased to ₦18,000; as against the demand of the NLC for ₦52,500. Minimum wage has been put in place via legislation. The minimum wage ensures that all workers receive a predetermined minimum wage.

The committee was set up in 2018 but completed its assignment in 2019. The committee recommended the review of minimum wage from ₦18,000 to ₦30,000; as against the demand of the NLC for ₦56,000 minimum wage. This is the current minimum wage in Nigeria.

Source: Adapted from the ASUU/FGN 2009 Agreement; Chidi (2017); Ekaette (2003); Eneanya (2009); Fajana (2006); Fashoyin (1987 & 1992); Otobo (2007); Ujo(2008).

There exists now a permanent National Salaries, Incomes and Wages Commission in Nigeria established by Act 99 of 1993. The foregoing Commissions were set up in the colonial period/era and post-colonial era, by successive governments in Nigeria both military and civilian and their objective is to ensure that employers do not exploit their workers and for employers to pay fair and equitable compensation to Nigerian workers in both the public and private sectors (Ekwoaba & Olusanya, 2014; Ekwoaba & Ideh, 2013). Workers’ pay or compensation is regulated through government labour policy as stipulated by the Nigerian labour laws or legislation. These laws include the Labour Act, the Employees’ Compensation Act, the Minimum Wage Act, the Pension Act, and the National Health Insurance Act. These are discussed in profundity in what follows:

**A Review of the Labour Act of 1974**

The first set of policies that have important implications for the evolving labour market realities is the reform of certain labour laws that are intended to protect workers in employment. Thus, the primary labour law is the Labour Act of 1974 which has been incorporated into the Laws of the Federation, 1990. Section 7 (1) of the Labour Act, Cap 198, Laws of the Federation of Nigeria 1990 provides that an employee must be given a written letter of appointment within three months of engagement. Such letter should specify, among other things, the date, name and place of work where the worker is engaged, the nature of the employment, whether; for example, work is for a fixed term and when the contract expires. In the event of disengagement, it should state the period of notice by either party. It should also state the
hours of work, rate of pay and the periodicity of payment, holiday and provision for sickness or injury and terms relating to these. The aim of these provisions of the law is that a formal contract of employment should be given to the worker. However, it is an irony that the provisions of this law cover only workers in standard/regular employment, ostensibly because many workers, in non-standard work, are engaged informally and often without written contract or letter of employment. In some cases, not only do some employers fail to offer formal appointment letters, they do not keep records of those employed, presumably to evade the law. Such instances have increased the vulnerability of the affected workers (Fashoyin, Owoyemi & Chidi, 2012).

A Review of the Employees’ Compensation Act (ECA) of 2010
Since some health bills are still paid by a number of Nigeria employees owing to occupational death, injuries and diseases, the Nigerian government from the colonial era came up with workmen compensation as a way of compensating employees for their loss or injury in the course of duty. Nigerian employees, most times, do leave employment earlier than retirement as a result of injuries sustained at work or during employment. The colonial government, in a bid to ensure that Nigerian workers still maintained their standard and living conditions even with the injuries, enacted the first Workmen Compensation Ordinance in 1941. The Ordinance was sequel to the Trade Union Ordinance of 1938 which gave legal backing for the formation of trade unions in Nigeria. The 1941 Ordinance was followed by the Labour Code Ordinance of 1945. The two Ordinances were to ensure the safety of employees at work. By 1958, the Factory Ordinance was enacted to ensure that factories were registered and that workers security, safety and welfare were provided for at factory premises. In 1987, both the Factory Act and Workmen Compensation Act were amended to cover not just the provision of safety measures but also compensation for injuries and death sustained in the course of employment.

With the coming of democratic government in 1999, the Workmen Compensation Act was instituted in 2004. The Act was optional to employers who are willing to provide additional cover for employees and was mainly left for the private sectors after its repeal in 2010 as government does not collect fund and neither does it manage the fund for the sector. Government gives the private sector regulations that will help them to choose insurers. Insurance experts have objected to this government stance, stating that no profit-driven public sector can deliver social security (Abubakar, 2011). The flaws associated with the 2004 Workmen Compensation Act led to the establishment of the Employees’ Compensation Act of 2010 which was signed into law by President Goodluck Ebele Jonathan in 2011. The New Employees’ Compensation Act (ECA) of 2010, which repealed the 2004 Workmen Compensation Act aims at improving the welfare of Nigerian workers.

As pointed out earlier, the Employees’ Compensation Act of 2010 is a reformulation of the Workmen’s Compensation Act of 2004. The new Act makes provisions for compensating employees for contracting occupational diseases or injuries sustained from industrial accidents at the workplace or in the course of duty. The law creates, in Section 56(1), the Employees’ Compensation Fund into which all contributions by employers shall be lodged, which is to compensate employees or their dependants for any injury, disability, death or disease arising out of or in the course of employment. In section 36(1) of the Act, every employer shall within the first 2 years of the commencement of the Act, make a minimum monthly contribution of one per cent of the total monthly payroll into the Fund. The Act establishes a contributory compensation fund referred to as the Employees’ Compensation Fund managed in the interest of both employers and employees. The Fund is managed by the Nigeria Social Insurance Trust Fund Management Board (the Board) established under the Nigeria Social Insurance Trust Fund Act No. 73 of 1993. Contribution to the Fund derives from various sources including, a
take-off grant by the federal government, compulsory contributions, fees and charges assessed to employers, gifts or other grants from local or international organisations, and earnings from profitable investments of the surplus fund by the Board.

It is significant that the Act covers employees in both the public and private sectors of the economy. It also covers self-employed persons, whether in the formal or informal economy. However, members of the Armed Forces, except those employed in civilian capacity are excluded from the scheme (FRN 2010, Official Gazette). The potential contribution of this innovative Act to the welfare of workers is enormous, but it is yet to be discerned if the operators are able to bring the various categories of employers into its coverage, and perhaps more significantly, whether the enforcement provisions are able to ensure that all employers’ categories faithfully implement the revolutionary provisions.

In the Employees’ Compensation Act 2010, specifically, employees are liable to compensation for death, injury and disease resulting in the course of work. Compensable categories include death, injury, mental stress, occupational disease, hearing impairment and other injuries occurring outside the normal workplace. Even though there is no judicial pronouncement specifically relating to the Act, previous judicial decisions have attempted to define the phrase “in the course of work”. The courts have stated that the “course of the servant’s employment can be extended to acts which are outside the employee’s working hours and outside the employer’s premises, provided the acts are done for the purpose of the employer’s business.” This definition is consistent with the definition provided in the Act. The Act also provides that an employee shall be entitled to payment of compensation with respect to any accident sustained on the way between the place of work and employee’s principal or secondary place of residence; the place where the employee usually takes meals; the place where he/she usually receives remuneration, provided that the employer has a prior notification of such place. These are in agreement with ILO Conventions No. 121 on Employment Benefit 1964 and Convention 102 on Social Security (Minimum Standard) 1954.

The provision in the new Act complies with periodic payments as recommended by ILO Convention 121 of 1964. In the case of death of the breadwinner or permanent incapacity, the Board makes a periodic payment, specifically on monthly basis, to the dependants of the deceased employee or incapacitated employee. The amounts and conditions of payment may change as follows: increments in periodical payments are provided if the disabled persons required constant help or attendance of another; and the condition of periodic payment could be reviewed, suspended or cancelled depending on changes in the degree of working capacity or substantial changes in the cost of living. The Act makes room for changes in payment based on the degree of incapacity or rate of adjustment of the injured employee; but this is at the discretion of the Board. For example, Part III, No. 7 of the new Employees’ Compensation Act stated that the compensation payable for occupational disease might, in addition to the provision of this section of the Act, be determined by regulations made by the Board. What this means is that besides the provisions of this Act, it also empowers the Board to determine compensation by its regulation. In our opinion, this allows for flexibility of the Act. The minimum benefit levels stipulated by the Act includes: In the case of death resulting from the course of work the scale of compensation is 90 per cent of the total monthly remuneration of the deceased employee as of the date of death resulting from the course of work the scale of compensation is 90 per cent of the total monthly remuneration of the deceased employee as of the date of death where the deceased leaves dependants wholly depending on his/her earnings, a widow or widower. Part IV, sub-section 1(a) of the Employees’ Compensation Act identified the following conditions and the scale of compensation: where the deceased employee leaves dependants wholly dependent on his/her earnings, a widow or widower:

i. and two or more children, a monthly payment of a sum equal to 90 per cent of the total remuneration of the employee as of the date of death,
ii. and one child, a monthly payment of a sum equal to 85 per cent of the total monthly remuneration of the deceased employee as of the date of death, 
iii. without a child who, at the date of death of the employee, is 50 years of age or above, or is an invalid spouse, a monthly payment of a sum equal to 60 per cent of the total monthly remuneration of the deceased employee, and 
iv. who, at the date of the death of the employee is not an invalid spouse, in under the age of 50 years and has no dependant children, a monthly payment of a sum that is equal to the product of the percentage determined by subtracting 1 per cent from 60 per cent for each year for which the age of the dependant, at the date of death of the employee, is under the age of 50 years, and provided that total percentage shall not be less than 30 per cent.

A Review of the Minimum Wage Act in Nigeria
The minimum wage ensures that all workers receive a predetermined minimum wage (Ujo, 2008). Given the structure of employment and the growing size of non-standard workforce, the role of the minimum wage, in serving as a safety net for workers at the lowest rung of the income ladder, can hardly be over-emphasised. In fact, this role of the minimum wage, in protecting the workers at the lower rung of the income ladder, has been one of the outstanding features of wage determination in Nigeria since the 1950s. With growing number of non-standard workforce relative to those in regular or standard employment, the role of the minimum wage, in providing regular income for the designated workers, is key to the minimisation of poverty in the country. Yet the determination of the minimum wage has, for several decades, been acrimonious and turbulent aspects of the employment relationship in Nigeria. For a historical account of the determination of the minimum wage; (see Ezeife, 1987; Fashoyin, 1991). Minimum wage covers only the financial aspect of compensation and was not obvious until 1972, when the Nigerian government set the monthly financial compensation of workers at ₦60 minimum per month.

In 1981 as depicted in Table 1, following the usual drama and acrimony surrounding the determination of the minimum wage, the government of Alhaji Shehu Shagari and the social partners agreed to an ad hoc tripartite panel to determine the minimum wage. After threats of strikes for the lack of progress in the negotiations, the parties agreed to a minimum wage of ₦125 per month for the designated workers. Between 1981 and 2010, four of such ad hoc tripartite determinations had taken place, at a regularity of 10 year period. This exercise, similar to earlier exercises, have drawn considerable acrimony (even at the time of writing), because of the reluctance of state governments to pay, on claims that they had not been duly consulted by the federal government, while they questioned the right of the central government to determine the minimum wage for them. These procedural issues of the determination of the minimum wage speak only to one of the fundamental anomalies in the salaries and wages administration in Nigeria. There is the equally and perhaps more fundamental issue relating to the category of workers that ought to be targeted when determining the minimum wage. Historically in Nigeria, the minimum wage has targeted the lowest paid wage earner in the public service, and the corresponding grades in the private sector. However, as it has recently been argued, this target is not only a misadventure; it is crisis-laden (Fashoyin, 2011). In the first place, by targeting the bottom of the well-established salary ladder in the public sector, the minimum wage sets off an uncontrollable wage agitation by upper-grades wage earners who justifiably want to maintain existing wage parity between their grades and that of those at the bottom. As Fashoyin (2011) argued, the crisis over the target of the minimum wage policy is inevitable; and will subsist as long as the policy fails to focus on those members of the labour force in low wage establishments and who are disadvantaged because they lack organisation or the capacity to influence their wages. In other words, the policy on the minimum wage has ignored the role of the minimum wage as a wage
floor designed to protect workers in the bottom of wage income. This point is critical because a growing proportion of the workforce has fallen into the minimum wage category because of the observable increase in non-standard employment in the country.

In 1982, there was a salary and wage freeze which was lifted in 1988 fiscal year (UNESCO, 2012). In 1985, the 1st of October to be precise, the General Ibrahim Babangida administration applied deduction of between 2 per cent and 20 per cent from workers’ salaries, rents and dividends. The then Head of State, General Ibrahim Babangida told Nigerian workers then that they were giving to their future generation (Babangida, 1991). In 1990, workers’ minimum wage rose to ₦250, and by 1993, it was increased to ₦363. In 1998, there was a sharp increase to ₦3,500. In 2000, under the administration of President Olusegun Obasanjo the minimum wage was split into two: with federal government paying its workers ₦7,500 minimum while the states and private employers paid ₦5,500. The Minimum Wage Act of 2004 seems to harmonise minimum wages across federal, state and the private sector. In 2011, the Minimum Wage (Amendment) Act, which replaced the Minimum Wage Act of 2004 was signed into law on the 22nd of March, 2011; by the then President of Nigeria Dr. Good-luck Ebele Jonathan to review the national minimum wage upward from ₦7,500 to ₦18,000 minimum.

The minimum wage was increased to ₦18,000; as against the demand of the NLC for ₦52,500. Minimum wage has been put in place via legislation. In Nigeria, many state governments in Nigeria owing to inability to pay arising from poor revenue base have not religiously complied with the law on minimum wage. The current democratic dispensation under President Muhammadu Buhari set up a minimum wage committee in 2018 for the review of the ₦18,000 minimum wage to ₦56,000 at the instance of organised labour in view of the excruciating economic conditions that Nigerian workers are grappling with. However, after several months, the committee recommended the sum of ₦30,000 minimum wage as against the sum of ₦56,000 which is the yearning and aspiration of organised labour. Organised labour threatened industrial action over the minimum wage as some state governments have divergent views on the amount to pay. However, after prolonged agitations by organised labour, the Federal government approved the sum of ₦30,000 monthly minimum wage in 2019. This is the current minimum wage to date.

A Review of the National Pension Scheme
The Nigerian government has equally made substantial adjustments in the non-wage compensation of pension. In explaining the non-wage compensation of pension and the associated reforms; Anyim, Olusanya and Okere (2014), PENCOM (2008), Ahmed (2006) and Odia and Okoye (2012), viewed pension as the benefits employers pay to employees on retirement or after attaining the statutory retirement age or age of superannuation, which makes employees to be financially independent at old age and during post-employment years. Though a deferred reward and remuneration package, it guarantees employees comfortable life after active years of service. According to Adams (2005), pension is the amount that company or government pays an employee after having worked for a specific period and retires because of either ill health, old age or having reached the statutory age of retirement. This amount is assumed to be paid monthly by employers to retirees until their death. Chizueze, Ikeji, Agba and Ogaboh (2011) and Adebayo (2006), viewed pension as a scheme of an earned income that has employees paying a portion of their earnings during their working life into the pension fund. Ozor (2006) posited that the sums paid by employees during their working life can only be earned upon disengagement from active service.
Nigerian employees, before 2004 Pension Reform Act, were scary of the word pension because the scheme was not only problematic; but also fragmented and rigid. The scheme caused untold hardship on retirees who have to queue long hours, wait for days, weeks, months and even years to earn their entitlement (Dostal & Cassey, 2007).

The Nigeria pension scheme can be traced to the 20th century organised by workforce in the private and public sectors in the colonial era (Barrow, 2008). Ikeji (2002) as cited in Anyim et al. (2014) opined that the colonial pension law was primarily designed for the British officials who moved from place to place within the vast British Empire. The intention was to guarantee continuity of service wherever they had worked. He further noted that the Pension Ordinance had limited application to Nigerian or indigenous employees; and was granted at the pleasure of the Governor-General. This implies that the pension scheme, at that period, was not an automatic right of Nigerians who were discriminated against. However, the scheme did not give equal rights to Nigerians as their British counterparts. The Nigeria first pension scheme that was inaugurated in 1951 with the Pension Ordinance had a retroactive effect from the 1st January, 1946 (Balogun, 2006; Barrow, 2008). The legislation provided pension and gratuity for public sector employees while the National Provident Fund (NPF) established in 1961 was the first legislation enacted on Pension matters to cover private sector employees (Anyim et al, 2014). The 1961 pension scheme was based on 6 per cent basic salary of 80 shillings (now ₦8) contribution which was shared equally by both employer and employee, that is employer contributes 40 shillings (now ₦4) while employee contributes 40 shillings (now ₦4). Eight naira (₦8) is based on “₦1 to 10 shillings “in line with the Federal Government change to decimal currency policy of Naira and Kobo on the 1st of January, 1973 (CBN, 2015).

The non-contributory and unfunded pension plan enshrined in Cap.30 of the Laws of the Federation of Nigeria of 1961 is a colonial inheritance that was solely designed to take care of colonial administration employees (Orifowomo, 2006).

The 1951 and 1961 Pension Ordinances and National Provident Fund (NPF) were to cater for pension issues in both the public and private sectors respectively. Pension Act No.102 and Pension Act No. 103 that catered for the Armed Forces followed these in 1972 and 1979. Other Pension Acts included, Pension Right of Judges Act No. 5 of 1985, the 1987 Pension Act No. 75 that established the Police and other government agencies pension schemes. The 1987 Pension Act established the Local Government Staff Pension Board that caters for local government employees’ pensions (Sule & Ezugwu, 2006 as cited in Ayegba, James & Odoh, 2013).

The challenges of the previous schemes made government to establish the Nigeria Social Insurance Trust Fund (NSITF) in 1993 under Decree No. 73, to replace the defunct National Pension Fund (Odia & Okoye, 2012). NSITF, which took effect from the 1st of July, 1994; was set up to address pension and retirement issues of employees in the private sector of the economy and any law of employment that is against workers in their old age, invalidity or death (Balogun, 2006). The Pension Act of 1997 allowed parastatals to have different pension arrangements for their staff. The pensions in Nigeria can be classified as follows: retiring pension, compensating pension, superannuating pension and compassionate allowance. The entire pension scheme used in Nigeria from 1951 to 1997 was the Pay- As -You -Go (PAYG) pension policy. The 1951 scheme that has retroactive effect from January 1946 has basic salary contribution of 6 per cent. That is of 3 per cent for the employer and 3 per cent for the employee. Other schemes include: the 1961 National Provident Fund Scheme had 7.5 per cent contribution of basic salary of 2.5 per cent by the employee and 5 per cent by the employer. The Armed Forces Pension Act No 103 had 15 per cent contribution of basic salary of 12.5 per cent by the employer and 2.5 per cent by the employee. The 1976 and 1979 Pension Act No 102 that commenced on the 1st of April, 1974 and the other Government Agencies Pension Act No 75, 1987 and Local Government Pension Decree 1987 had
7.5 per cent basic salary contribution of 2.5 per cent by the employee and 5 per cent by the employer. From 1995 to 1999, the basic contribution rose to between 16.7 per cent and 30 per cent. The percentage contribution was reversed in 2002 to 10 per cent of 3.5 per cent contribution by employee and 6.5 per cent by the employer (Fapohunda, 2013; Odia & Okoye, 2012).

In the PAYG scheme, three tiers of government are responsible for the pension of public servants while some corporate organisations, especially the multinationals had special pension programme for employees. The lack of payment after retirement by PAYG Pension schemes otherwise known as “Benefit Plan” owing to government budgetary allocations, non-contributory bottlenecks and corruption in terms of misuse and embezzlement of pension fund led to the establishment of the 2004 Pension Scheme, otherwise known as the “Contributory Pension Scheme.” The 2004 Contributory Pension Scheme took care of the challenges of budgetary provision release by all tiers of government, fraud and corruption to mention a few. According to Ayegba, James and Odoh (2013) and Goloma (2009), the 2004 Pension Reform Act was to remove the usual delays in processing the retirement benefits of workers in all sectors of the economy. According to Sule and Ezugwu (2009) as well as Ahmed (2008), the 2004 Pension Reform came to remove the various problems inherent in the PAYG at both the public and private sectors of the Nigerian economy. Government aims at establishing the Pension Act 2004, invariably was to relieve government of pension problems, reduce the suffering of pensioners and give an average Nigerian employee hope in retirement.

The objectives of the new pension reform are to ensure that every worker receives his/her retirement benefits as and when due, empower the worker, assist workers to save their terminal benefits/pension in order to cater for their livelihood during old age, establish uniform rules, regulations and standards for administration of pension matters and establish strong regulatory and supervisory framework for the scheme (Pension Reform Act, 2004). In the 2004 Pension Reform Act, every employee shall maintain a Retirement Savings Account (RSA) in his/her name with any Pension Fund Administrator (PFA) of his/her choice and notify the employer of the details. The scheme is comprised of 15 per cent total contribution with the employee and employer each contributing a minimum of 7.5 per cent of the employee's monthly emoluments of monthly basic salary, transport and housing allowances. In the case of the Armed Forces, it is 12.5 per cent contribution by the employer, while it is 2.5 per cent contribution by the employee. The scheme covers all organisations with at least 5 employees in their employment. The Pension Act 2004 was amended in 2014. The 2014 Pension Amendment Act covers organisations with as low as 3 employees and a total of 18 per cent contribution based on emoluments as agreed in contract of employment by both employer and employee. In the 2014 Pension Act Reform, the employer is required to contribute 10 per cent while the employee will make a contribution of 8 per cent of total emolument (Anyim et al, 2014; Fapohunda, 2013).

A holder of a retirement savings account upon retirement and on attaining the age of 50 years, shall utilise the balance standing to the credit of his/her retirement savings account for the following benefits: programmed monthly or quarterly withdrawals calculated on the basis of an expected life span; annuity for life purchased from a Life Insurance Company licensed by the National Insurance Commission with monthly or quarterly payment; and lump sum from the balance standing to the credit of his/her retirement savings account; provided that the amount left after that lump sum withdrawal shall be sufficient to procure an annuity or fund programmed withdrawals that can produce an amount not less than 50 per cent of his/her annual remuneration as of the date of his/her retirement. Any employee who retires before the age of 50 years in accordance with the terms and conditions of his/her employment may, on request, withdraw a lump sum of money not more than 25 per cent of the amount standing in retirement.
savings account; provided that such withdrawals shall only be made after six months of such retirement and the retired employee does not secure another employment. Any amount payable as retirement benefits is exempted from tax.

**A Review of the National Health Insurance Scheme (NHIS)**

The non-wage compensation of health insurance, which covers employees in both the private and public sectors of the Nigerian economy, has also undergone reforms to arrive at its current form. With respect to the Universal Healthcare Coverage (UHC) around the world, the World Health Organisation (WHO) in its report observed that it has been difficult to achieve universal healthcare coverage in many developing countries owing to out-of-pocket expenses, which include over the counter payments for medicines and fees for consultations and procedure (WHO Report, 2010). Medical fees especially have been the main challenge to health care coverage and utilisation; not just for employees but also for the entire population of most developing countries and Nigeria is no exception. Health facilities are inadequate and the cost of accessing health care is expensive in Nigeria (Yohesor, 2004; Odeyemi & Nixon, 2013; Vonke & Sunday, 2014).

The yearly budgetary national allocation to health in Nigeria has not only been fluctuating but also meagre to cater for the health needs of its over 180 million people. This is evident in the report of the Budget Office of the Federation and the Federal Ministry of Finance in 2012. The report of the Budget Office for year 2000 shows that ₦15.7 billion which is 2.1 per cent of the national budget was allocated to the health sector. This was increased to ₦42.6 billion in 2001, representing 271 per cent increase to 2000 and 4.1 per cent of total annual budget. In 2002, it was ₦44.7 billion and 1.9 per cent of annual budget for that year. In 2003, it increased to ₦52.2 billion and 2.1 per cent of annual budget. In 2004 the health budget was ₦59.8 and 1.9 per cent of total annual budget. The year 2005, witnessed the allocation of ₦71.7 billion, representing 3.2 per cent of the annual budget. In 2006 health budget increased to ₦106.9 billion and 5.6 per cent of total annual budget. In the following years: 2007, 2008 and 2009 the health budgets stood at ₦122.9 billion, ₦143.9 billion and ₦154.6 billion respectively representing 5.1 per cent, 3.6 per cent and 4.3 per cent of the total annual budgets for the three consecutive years. In 2010 and 2011, budgetary allocations to health stood at ₦164.9 billion and ₦266.7 billion respectively which is 3.7 per cent and 5.4 per cent of total annual budgets for the two consecutive years.

**Table 2: Budgetary Allocations to the Health Sector and Percentage of Total Annual Budget 2012 - 2020**

<table>
<thead>
<tr>
<th>Year</th>
<th>Budgetary Allocations to the Health Sector in Billions (₦)</th>
<th>% of Total Annual Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>280.77</td>
<td>5.95</td>
</tr>
<tr>
<td>2013</td>
<td>282.50</td>
<td>5.66</td>
</tr>
<tr>
<td>2014</td>
<td>264.46</td>
<td>5.63</td>
</tr>
<tr>
<td>2015</td>
<td>259.75</td>
<td>5.78</td>
</tr>
<tr>
<td>2016</td>
<td>250.75</td>
<td>4.13</td>
</tr>
<tr>
<td>2017</td>
<td>308.46</td>
<td>5.17</td>
</tr>
<tr>
<td>2018</td>
<td>411.6</td>
<td>4.40</td>
</tr>
<tr>
<td>2019</td>
<td>424.03</td>
<td>4.75</td>
</tr>
<tr>
<td>2020</td>
<td>427.30</td>
<td>4.14</td>
</tr>
</tbody>
</table>

**Source:** Budget Office and National Bureau of Statistics for various years

Table 2 depicts the budgetary allocations to the health sector as well as percentage of total annual budget from 2012 to 2020. From the foregoing therefore, it is clear that successive governments’
Budgetary allocations to the health sector have been very inadequate to cater for the health needs of its huge population. The only way out of this quagmire is for government to encourage the risk–pooling prepayment approach as exemplified by the National Health Insurance Scheme (NHIS) to cater for the health compensation of the country’s workforce (Onyebede, Goyit & Nnadi, 2012; NHIS Report, 2005; WHO Report, 2010).

The idea of Health Bill on National Health Insurance Scheme in Nigeria is not a new phenomenon; it was conceived in 1960 under the Halevy’s Committee on Lagos Health Bill. But not until 1984; did the National Council on Health; set up a committee to advise government on it owing to legislative issues and political instability. The Committee did not start review until 1985. When they did review, the health sector advised that the National Health Insurance Scheme bill be kick started. The bill was not promulgated until 1997 when the government of the Federal Republic of Nigeria in response to the World Health Organisation (WHO)’s clarion call, repackaged and launched the Nigerian National Health Insurance Scheme on the 15th of October, 1997. The scheme had no enabling law establishing it, until the promulgation of Decree 35 otherwise now referred to as Act 35 of 1999 in May 1999. The health reform was in essence stalled between 1960 and 1997 by legislation and political instability in the country. The scheme only became reactivated on the 6th of June, 2005, after another 6 years of delay (NHIS Report, 2005). The objective of the National Health Insurance Scheme was to give good health care services, reduce medical bills, give equal health care cost among different income groups, and employees in both the public and private sectors of the economy.

The NHIS, which is an agency under the Federal Ministry of Health, consists of three main programmes, out of which: one formal and two informal (Odeyemi & Nixon, 2013). The Formal Sector Social Health Insurance Programme (FSSHIP) covers public employees and the Organised Private Sector (OPS) employees, and is implemented via a managed care model funded through percentage contributions from employees and employers. The scheme has contributory premium of 15 per cent of worker’s basic salary with the employee contributing 5 per cent and the employer contributing 10 per cent. It is mandatory for organisations with ten or more employees (Metiboba 2011, NHIS 2012, Odeyemi & Nixon, 2013). The two other schemes, the Urban Self-Employed Social Health Insurance Programme (USSHIP) and the Rural Community Social Health Insurance Scheme (RCSHIP) are outside the formal sector and not part of the focus of this paper. As a compensation package, the NHIS which collects premium purchases health services that cover the illness of employees, their spouses and four children under the age of 18 (NHIS, 2005). According to Ichoku (2005), Yohesor (2004), and Metibuba (2011), despite the NHIS, exorbitant health services bills are still paid for by employees as the scheme does not completely cover high cost illnesses such as surgery, hypertension, diabetes, dental problems to name a few. Only generic drugs are given to employees, spouses and children under the age of 18. In most cases, the Health Maintenance Organisations (HMOs) do not, most times, have essential drugs. In some cases, the patients are asked to buy some of the drugs outside the hospital pharmacy leading to additional financial burdens on the employees who bear the cost of recommended medications, which are in some cases exorbitant.

Conclusion and Recommendations

This paper set out to examine social protection and compensation management in the Nigerian public sector from 1934 to 2019. Salaries and wages administration in the public sector when compared with the private sector are markedly different. The organised private sector seems to have a better mechanism with respect to pay determination and salaries adjustments as exemplified by the use of collective bargaining. In the public sector, the civil service rules and wage commissions are the mechanisms for salaries and wages determination and adjustments. These mechanisms are preferred to collective bargaining by employers in the public sector.
sector in Nigeria. The use of wage commissions in the public sector is antithetical to collective bargaining as it involves unilateral determination of employment terms and conditions. Therefore, to minimise the incidence of strikes, resolve the wide salary/wage differentials between the private sector and public sector, and to attract talents to reposition the public sector, it is imperative to strengthen the collective bargaining machinery in the public sector. A cursory examination of policies on social protection reveals that the target is on workers in the formal sector. Although, an x-ray of the policies reveal that workers in the informal economy are covered by the provisions of some of these lofty public policies, but from experience, the workers in the informal economy have been relegated to the background and are yet to fully benefit from the provisions of these public policies on social protection. With particular reference to the minimum wage of ₦30,000 per month, it is argued in some quarters that the amount is meagre considering the high cost of living in Nigeria now. The administration of pension leaves much to be desired in view of the wanton corruption and embezzlement of pension funds. A lot needs to be done to ensure a hitch-free pension payment system to retirees as and when due. The NHIS seems to be for the very few workers in the formal sector as well as those in the urban centres/cities. Those in the informal sector and rural areas have not been fully covered in this social protection scheme. Particularly, this paper hereby recommends that the NHIS should be expanded to accommodate workers in the informal sector and those in the rural areas for the impact to be more felt and visible. It is also recommended that the adoption of collective bargaining and the commitment on the part of the government to abide by the agreements reached with unions in the public sector remains the cardinal means for promoting peaceful labour-government relations and largely forestall incessant strikes that have bedevilled the public sector in recent times. There is the need for the Ministry of Labour and Employment to be alive to its responsibilities by ensuring that government labour policies and laws are implemented to the letter. There is the urgent need to step up labour administration and inspection by the Ministry. With regard to the embezzlement of pension funds, there should be stiff penalties imposed on those who mismanage or embezzle such funds and the penalty should be life imprisonment or capital punishment. On the issue of health for employees and Nigerians in general, robust budgetary allocations should be allotted to the health sector every year to meet the health needs of workers and Nigerians. In the same vein, the state-of-the-art medical facilities and centres should be established in the six geo-political zones to meet the health needs of the teeming Nigerians to reduce medical tourism abroad. This of course will assist to conserve foreign exchange, which can be ploughed back to the economy for developmental projects that will benefit the citizenry.
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