

IMPLICATIONS OF THE NEW NATIONAL MINIMUM WAGE ON THE SOCIO -ECONOMIC DEVELOPMENT OF NIGERIA

NWAMBUKO, TEMPLE CHUKWUKADIBIA (PhD, FCPA)

**Department of Public Administration,
Coal City University, Emene, Enugu
Email: nwambuko@gmail.com**

&

AMAECHI, OBINNA CHARLES

**Department of Public Administration,
Coal City University, Enugu**

&

ILOH, ANGELA U. (FCPA)

**Department of Public Administration,
Caritas University, Enugu**

Abstract

This article examined the implications of the new national minimum wage on the socio-economic development of Nigeria. It is right and legal to boost the productivity of workers as well as the economy via regular increase of wages. Increase in the national minimum wage of workers is one of the legal mechanisms through which the purchasing power of the people/workers can be enhanced. However, this may result in inflation; undue pressure on the employers of labour; the discouragement of a lot of small companies from employing; increase in corruption and so on. Irrespective of these, an increase in minimum wage will keep the economy rolling; bring about more money in circulation; motivate the workers to operate at the optimum level; be a positive impact on the economy; allow workers to have more disposable income; and lead to increase in foreign exchange earnings. Therefore, to ensure the sustainability of the new national minimum wage without it affecting the socio-economic development of the country, the article recommends, among others, the creation of an enabling environment by the government for the people through investment in massive infrastructure and other basic amenities so as to drive down cost of production; and the creation of wealth by the government for the country in order for it to have more money to sustain the payment of the new national minimum wage.

Key Words: Wage, National Minimum Wage, Workers, Sustainable Development, Nigeria.

Introduction

The increase in the national minimum wage is one of the legal mechanisms through which the purchasing power of the people/workers can be enhanced. When workers' purchasing power is increased, it will invariably have a positive effect on the economy. To a large extent, traders, artisans and other sections of the economy will feel the impact and through that, the economy will grow. However, the minimum wage in Nigeria currently is not enough to take many workers home. With the current minimum wage, Nigerian workers are barely surviving as prices of goods have skyrocketed and the exchange rate of the naira to the dollar has also gone up. Most of the workers cannot boast of 3 square meals per day, pay their house rents and children's school fees as and when due, meet up with their socio-economic needs etc.

In the quest to address these socio-economic plights of Nigerian workers, and observing that the country, which joined the League of International Labour Organization member countries that set minimum wage for their workers in 1981, has not been reviewing the wage as it ought to be; President Muhammadu Buhari, on November 27, 2017, inaugurated a 30-member tripartite National Minimum Wage Committee (made up representatives of the federal government FG, organised labour and the private sector) in Abuja,

in the presence of some Governors, Senior Government Officials, and other stakeholders. The President explained that the committee was formed following the recommendation of a technical committee put in place after the increase in the price of petrol in 2016; and that the re-negotiation of a New National Minimum Wage had become imperative as the current wage instrument had expired. The New National Minimum Wage should be consensual, generally acceptable and should be anchored on social justice and equity.

Nonetheless, analysts observe that as workers, through their various trade unions, call on the Federal Government to increase the minimum wage from N18000 to N56000, the Federal Government has not been fair enough by not approving the N56,000 minimum wage demanded for workers by the Organized Labour, given the low standard of living and high cost of living in the country at the moment. Nigerian leaders instead of making and taking decisions that will meet the needs of average Nigerians and the workers in particular, they have preferred to pay attention to things that will make them more popular before the generality of the people by embarking on white elephant projects.

In developed economies around the world where workers earn good wages, there is always increased productivity. The workers will perform at the optimum level, if they are well motivated and remunerated. But in Nigeria, the reverse is the case. To that extent, the agitation for the upward review of the minimum wage by Nigerian workers is justified. It is long overdue and it is a legitimate demand given the negative effects of recession which is affecting almost everybody. Therefore, it behooves on the government to provide palliatives.

It is in a bid to emphasize on the importance of new minimum wage that the researchers deemed it necessary to examine the implications of the new national minimum wage on the socio-economic development of Nigeria.

Conceptual Explanations

Wage

A Wage is monetary compensation (or remuneration, personnel expenses, labour) paid by an employer to an employee in exchange for work done. The payment may be calculated as a fixed amount for each task completed (a task wage or piece rate), or at an hourly or daily rate (wage labour), or based on an easily measured quantity of work done (*Wikipedia*, n.d.). According to Finley (1973:9), wage means all remuneration (other than fees paid to a public official) for services performed by an employee for his employer, including the cash value of all remuneration (including benefits) paid in any medium other than cash.

Wage is a monetary remuneration computed on hourly, daily, weekly, or piece work basis. A fixed weekly or monthly wage is usually called a salary (*Business Dictionary*, 2014). A wage is also defined as a regular payment, usually on an hourly or weekly basis, made by an employer to an employee, especially for manual or unskilled work ("Wage," 2019). It is the price of labour in an economy. *The Cambridge Academic Content Dictionary* (2008) defined wage as an amount differences in wage earned by employees. According to Maduawuchi (2017), wages are determined by the forces of demand and supply; activities of Trade Unions; and Government policies.

Minimum Wage

A minimum wage is the lowest remuneration that employers can legally pay their workers. Equivalently, it is the price floor below which workers may not sell their labour (International Labour Organisation, 2006). It is the minimum amount of remuneration that an employer is required to pay wage earners for the work performed during a given period, which cannot be reduced by collective agreement or an individual contract. In the *Encyclopedia Britannica* (2010), minimum wage is defined as wage rate established by collective bargaining or by government regulation that specifies the lowest rate at which labour may be employed. The rate may be defined in terms of the amount, period (that is, hourly, weekly, monthly etc.), and scope of coverage. A minimum wage is the lowest wage per hour that a worker may be paid, as mandated by federal law. It is a legally mandated price floor on hourly wages, below which non-exempt workers may not be offered or accept a job (Liberto, 2019).

Minimum wage laws were first used in Australia and New Zealand in an attempt to raise the income of unskilled workers. Although minimum wage laws are in effect in many countries, differences of opinion exist about the benefits and the costs of a minimum wage. Arguments in favour of increase in minimum wage suggest that minimum wage increases the standard of living of workers, reduces poverty, reduces inequality, and boosts workers morale (Bonte-Friedheim, 2017). Those arguing against increase in minimum wage suggest that it increases poverty, increases unemployment and is damaging to businesses (especially those businesses are required to raise the prices of their product or services to accommodate the extra expense of paying a higher wage) (Burkhauser, 2010).

National Minimum Wage

Almost all workers in the world are entitled to be paid at least the National Minimum Wage. The National Minimum Wage is the minimum pay per hour most workers in a country are entitled to by law. It is the lowest wage that is set by government which must be paid to all workers. The National Minimum Wage is worked out as an hourly rate, but it applies even if workers are not paid by the hour.

The aim of the National Minimum Wage is to help increase incomes of the low paid. It has become more important in a labour market characterized by a decline in trade unions and growth of low-paid service sector jobs. Critics argue a national minimum wage can cause unemployment because firms cannot afford the workers. Others argue that minimum wage rates are still too low and do not provide a “living wage” in certain areas of high housing costs etc.

Development

In this regard, we agree with Lawal and Oluwatoyin (2011) that development as a concept is a victim of definitional pluralism. However, Gboyega (2003), also cited in Lawal and Oluwatoyin (2011) opines that development implies improvement in material well being of all citizens, not the most powerful and the rich alone, in a sustainable way, such that today's consumption does not imperil the future; it also demands that poverty and inequality of access to the good things of life be removed or drastically reduced. It seeks to improve personal physical security and livelihoods and expansion of life chances. The concept of development in this study is in tandem with the opinion of Gboyega (2003) in Lawal and Oluwatoyin (2011).

Nigeria and the New National Minimum Wage

In Nigeria, the history of minimum wage cannot be separated from the history of public service negotiations and increments. The first National Minimum Wage Act of 1981 prescribed a minimum wage on N125 per month. This was revised in 1991 to N250 per month, revised again in 2000 to N5000 per month, and in 2011 to N18000 per month. On July 1, 2010, the Justice Alpha Belmore Committee submitted a bill on the National Minimum Wage amendment to the National Assembly (Fabamise, 2018).

The committee, among other proposals, recommended that the wage be reviewed at least once every five years by a statutory tripartite committee that would be appointed from time to time by the president. This bill was passed into law by the National Assembly with minor adjustments. On August 16, 2011, both the Federal Government and the Labour Union signed an agreement which revised the national minimum wage to N18000. In other words, the law had been due for review since 2016 but the President did not set up the tripartite committee to review the 2011 minimum wage agreement headed by a former Head of Service, Mrs. Ama Pepple, until November 27, 2017. Since 2011 to 2018, that is seven years now, there has not been any increase. The committee submitted its report to the President on November 6, 2018. On January 9, 2019, Buhari inaugurated the Bismark Rewane-led technical committee to help the government find ways of implementing the new national minimum wage without disrupting the nation's development plans.

However, for two years, workers in Nigeria under the umbrella of the Nigeria Labour Congress (NLC) and Trade Union Congress (TUC) have been battling with the government for an upward review of the national minimum wage from the current 2011 national minimum wage of N18000 to what is being clamoured for - N56000 and N90000. The Nigerian Labour Union had earlier submitted a proposal of N56000 and N90000 to the Federal Government as new minimum wage. Supporting the proposal, the President, Trade Union Congress of Nigeria, Mr, Bobboi Kaigama, noted that Nigeria's N18000 might be the lowest in Africa (Olawuyi, 2018). He argued that Nigerian workers cannot afford to wait endlessly for the implementation

of the new minimum wage in view of the economic realities as their monthly take-home pay can no longer support their demands. Equally, the President, Nigeria Labour Congress, Ayuba Wabba, posit that it is the expectation of the Union that all the issues that concerns the new minimum wage will be finalised before the end of third quarter of 2018 in order to give the workers a new hope that the government and other employers of labour have not totally abandoned them (Awoyinfa, Nwogu, Onuba, Nnodim & Utebor, 2017)

In response to this clamour, and because the minimum wage is on the Exclusive List of government functions, the President, Muhammadu Buhari, on the 27th of November, 2017, inaugurated 30-member tripartite National Minimum Committee in Abuja to engage in discussion and make recommendations for an upward review of the national minimum wage, which governors and senior government officials, and other stakeholders witnessed. During the inauguration, the president explained that the committee will discuss a way forward on the present N18000 minimum wage, and also ensure the possibility of paying any increase on minimum wage to state and private sector workers. The committee is expected to expeditiously conclude its assignment concerning the new wage. This is because the review of the wage has been due for over two years to enable the National Assembly give it an accelerated passage.

On January 22, 2019, the President took the report of the Ama Pepple committee to the National Council of State for approval. The day after, on January 23, he transmitted the National Minimum Wage Bill to the National Assembly. Six days after, acting with the speed of light, precisely on January 29, 2019, the House of Representatives passed the bill, a day after conducting its public hearing. The Senate however waited till after the 2019 general elections to pass the bill. It did so on March 19, 2019. The bill was then sent to the President for assent on April 2. The new law had N30, 000 as minimum wage for Nigerian workers and its implementation starts immediately.

The signing of the new minimum wage of N30,000 into law by President Muhammadu Buhari on April 18, 2019, threw the labour community into a joyous mood. This is a political masterstroke by the President coming barely two weeks to the May 1 Workers' Day celebration. The signing of the bill into law now "makes it compulsory for all employers of labour in Nigeria to pay their workers the sum of N30,000." However, the law states that employers with less than 25 workers are excluded from paying the new wage (Ojo, 2019). For the country's labour unions, it was a sweet victory at last. The Nigeria Labour Congress and the Trade Union Congress of Nigeria in separate statements commended the President for signing the bill into law.

Yes, it was a long-drawn battle to get the current minimum wage. Recall that the state governors had never been in support of the N30,000 minimum wage. They were initially rooting for N22,500. Later, they agreed to N27, 000. In fact, the National Council of State was on the side of the governors when it met on Tuesday, January 22, 2019. The Council approved a dual minimum wage. While it pegged the National Minimum wage at N27,000 for the least paid workers in the states and the private sector, it approved N30,00 minimum wage for Federal Government workers.

Now that the new national minimum wage has been signed into law, the more challenging issue facing Nigerian labour will be how to convince the state governors to implement the new wage increase without having to lay off employees. As this increase is coming after the elections with many governors having served out their two terms, the incoming governors may not be too inclined to pay given their often used alibi of meeting empty treasuries. Recall that in 2015, at the first meeting that President Buhari had with the governors, some of their requests were for the President to give them bailouts to be able to pay the backlog of the salary arrears they were owing their workers. Secondly, they demanded the review of revenue allocation formula in favour of the states. Otherwise, they threatened to retrench workers. While President Buhari acceded to their request for bailouts and even shared out Paris Club refund largess to the states, many of the governors still owe a backlog of salaries. This happened when the minimum wage was a paltry N18,000 (Ojo, 2019).

The re-negotiation of a new national minimum wage and the subsequent signing into law is imperative as the current wage is grossly inadequate, most especially now the country is battling with recession and other socio-economic ills such as high foreign debt profile, high poverty rate, high level of unemployment, waning up of industries and companies, devaluation of the Naira, security challenges, high brain drain etc. Initially, the delay of the Federal Government in considering and approving the N30000 new national

minimum wage, the State government refusal to pay the said amount, and the threat to lay off workers were seen by most Nigerians that both levels of government were adamant to the socio-economic plights of Nigerian workers and the average citizens and were unwilling to introduce palliative measures.

This perceived adamant posture of the federal and state government showcased with mere words of assurance but slow in taking action to implement the committee's recommendations by the President, made the President, Medical and Health Workers Union, Mr. Biobele Moye Joshua, to react thus "the organized labour will not allow government to use the minimum wage issue to score political point... we are certain that if the government employs delay tactics for any reason labour will react" (Olawuyi, 2018).

Nigeria's New National Minimum Wage: Implications for the Economy

On March 19, 2019, the new national minimum wage bill, an issue that featured widely in the 2019 presidential campaigns, finally received legislative approval. The Senate approved ₦30,000 as the new National Minimum Wage, after nearly 8 years of no-increase from the ₦18,000 paid as minimum wage since 2011. The wage increase was due for review in 2016 according to the law that stipulates that minimum wage should be reviewed at least once every 5 years. As of 2017, Nigeria's labour and trade unions had initiated agitations and advocacy for a raise for minimum wage for workers, particularly owing to the over-due review and inflation's effect on the value of the wages received. The sustained outcry undertook threatening dimensions, such as strikes and protests on several occasions, to accentuate their demands. Now, their voices have been heard, and what seems to be an applaudable achievement for them, if implemented, may bring with it several short-term and long-term fiscal and economic implications for Nigeria. More importantly, based on prevailing economic realities in Nigeria, it is one thing to approve wage policies and another thing to possess the unwavering capacity to pay the agreed amount. In light of the newly approved minimum wage, this article highlights the implications of the new minimum wage to the government, businesses, and the macro-economy at large. John (2019) enumerated the following as the responses and implications of the new minimum wage on the economy:

Fiscal Responses

Government's Non-capital Spending to expand

As the new wage policy awaits the president's assent, implementation processes become potentially inevitable and the government is expected to fund the costs arising from implementing the policy. Such costs arise in the form of an increase in personnel expenses with spikes in the percentage of the government revenue utilized for wage bills. According to the CBN, the federal government's personnel cost rose by 18.5% to N1.85 trillion as the minimum wage was increased from N7,500 to N18,000 in 2011, thus accounting for 52% of FG retained revenue. By 2016, personnel spending had gulped about 59% of FG's N3.2 trillion revenue and is now projected to enlarge to N2.29 trillion in 2019. With the new minimum wage approved, the government is expected to tender a supplementary budget that would provide for the imminent rise in the wage bill. While the federal government is faced with this stern burden of incorporating the new wage bill into its already strained finances, states face a more severe test given the recurring struggles to pay salaries. These excessive burdens may leave the governments with no choice than to increase borrowing to settle personnel costs – causing a devastating swing on the country's high debt profile. However, given the shortfall in borrowing capacity, borrowing is almost not an option to be considered. Alternatively, a lower hanging fruit may remain an increase in taxation, particularly Value Added Tax (VAT) – but it has its implications.

Increase in tax rate almost inevitable:

Taxation is one means, among many others, used by governments to boost revenue and meet fiscal obligations. To enable the Nigerian government to generate more revenue sufficient to fund the supplementary budget, it is considering an increase in tax rate. At the prevailing standard 5% Value Added Tax VAT, the government generated from about N482 billion in 2013 to N972.3 billion and N1.1 trillion in 2017 and 2018 respectively. However, the tax revenues including the internally generated revenue IGR and others were not sufficient to cater for some states' salary structures as many workers were owed salaries for several months. With the recent consideration of 50% rate increase, a VAT would be applied at 7.5% if implemented. The new rate provides a renewed opportunity for the government to garner more revenue; however, the actual point of concern is if this likely increase in revenue will be sufficient to pay the new minimum wage. Although no empirical evidence exists to forecast the amount of tax revenue

needed to accommodate the wage increase, the fiscal sustainability of the new wage rate is uncertain given the limited progress made on increasing tax revenue in Nigeria.

Economic Responses

Sustained Inflationary Pressure

In theory, businesses are forced to raise prices when there is an increase in minimum wage, and this ultimately places cost-push inflationary pressures on the economy. Real business practices conform to this theory. A strategic attempt to absorb increasing labour costs tend to cause producers to transfer the cost of wage increase to product prices, which are eventually borne by consumers in form of higher prices. For example, in 2003 when the government reviewed a wage increase, prices of goods and services rose, and inflation rate spiked from about 10.5% to as high as 24%. A similar wage-increase in 2011 saw the inflation rate remain at double-digit for two years thereafter, according to data from the CBN. If implemented, the 2019 wage increase may cause inflation rate to extensively exceed the CBN's 12% projection and gradually erode purchasing power and value of the new minimum wage in the long term. By then, the cycle of agitations for another wage raise may come into effect, yet again.

Possible job losses

The World Bank has always maintained that employment effects of a rise in the minimum wage are significant and negative, particularly in a largely informal labour market like Nigeria. By reorganizing internal human resource structure, businesses that lack the capacity to keep up with an increase in overhead costs may take drastic measures such as retrenching workers and downsizing labour time. With a number of job losses and layoffs, unemployment and underemployment rates are forced to increase. A survey by the NBS showed that between 2011 when there was a rise in minimum wage and 2012, about 1.43 million people who were fully employed or underemployed lost their jobs. Although there was an increase in the labour force population, the total number of unemployed persons rose by 82.5% to 7.3 million. It is likely that the implementation of the 2019 approved minimum wage may project a similar trend given past occurrences (John, 2019).

Socio-Economic Problems Associated with the New National Minimum Wage in Nigeria

The following socio-economic problems may arise as a result of the new national minimum wage in Nigeria

Inflation: An increase in minimum wage is neither the best way to push the economy out of recession nor the best approach to help the workers or the Nigerian economy. If we are to look back at the history of wage increase, we will realize that any increase in minimum wage is usually accomplished by a rise in the cost of commodities in the market (inflation) because traders, business owners etc will want their share of the pay rise.

Undue Pressure: Private companies and state governments in Nigeria that cannot pay the present minimum wage will be highly pressured to pay the increased minimum wage by the workers, labour unions, trade unions, pressure groups etc.

When prices of goods and services go up as a result of increase in minimum wage by the government, both the private and the public workers will bear the brunt because both shop from the same market.

Increase in minimum wage will discourage a lot of small companies from employing because they may not be in a position to meet the payment of the new national minimum wage. Even some companies may be forced to retrench some of their workers to be able to pay the increased minimum wage and still remain in business.

Increase in Corruption: Can the new minimum wage curb or reduce corruption, particularly among public servants? Not necessarily. People who have a penchant to be corrupt will still indulge in their pastimes irrespective of how much they earn. In my own estimation, the new minimum wage may not even improve the standard of living of the benefiting workers. Why, you may ask? It is because the value of naira in 2011 when the last review was made was more than what it is now. While the purchasing power of our currency then was higher, devaluation has weakened the value of naira in 2019. Hence, the cost of living is far higher now than it was eight years ago.

Higher Wages Passed onto Consumers: An increase in the minimum wage could cause companies to increase prices of their goods and services and pass the costs onto consumers.

Socio-Economic Benefits of the New National Minimum Wage

However, irrespective of the problems associated with the new national minimum wage

- An increase in minimum wage will keep the economy rolling because as an average worker receives his wage, he has money to spend on household feeding. The average trader will sell her goods and will have enough money to purchase more and even attend to other needs etc.
- Increment in minimum wage will bring about more money in circulation so that there will be money for people to spend. This will likely lift the country out of recession.
- An increase in minimum wage will motivate the workers to do more and by so doing operate at the optimum level thereby impacting positively on the economy.
- Increase in minimum wage is a potent strategy to address recession as this will go a long way to ease the hardship that the average citizens of this country are facing now.
- An increase in the minimum wage allows workers to have more disposable income. This will likely increase the demand for goods and services thereby improving consumer spending and consequently stimulate business activity.
- Increase in minimum wage of workers will lead to increase in foreign exchange earnings. When there is an increase in minimum wage of workers, there will be increase in their demand for goods and services; an increase in demand will stimulate business activities - production of more goods and services. Because a lot of production is not domesticated, importation of goods and services to meet domestic demands will in return increase foreign exchange earnings.
- Increase in minimum wage will make it difficult for monopsony employers to under price wages. For example, if firms have monopsony power, they can drive wages down by employing fewer workers. However, minimum wages will make this more difficult. Therefore, a minimum wage could have a positive effect on employment.

Recommendations

To ensure the sustainability of the new national minimum wage without it affecting the socio-economic development of the country, the article recommends the following measures:

- While increasing the minimum wage, the government should create an enabling environment for people through investment in massive infrastructure and other basic amenities so as to drive down cost of production.
- The government should create wealth for the country in order for it to have more money to sustain and possible increase the minimum wage. Currently, what the federal and state governments are saying is that there is no money. If this is true, where will the money required for the minimum wage increase come from? Therefore, there is need to create wealth for Nigeria as a country and when considerable wealth is created, and then the increased minimum wage can be sustained.
- State governments should choose to use the federal wage or make their own laws indicating the amount they can pay as the new minimum wage given the consequential effect (cost) of wage adjustment for other categories of workers and citizens as a result of increasing the minimum wage.
- Although revenue from taxation has grown over the years, efforts of the government and revenue generating agencies to improve tax revenue have yielded limited progress. While collection processes have improved, other areas for improvement exist such as limited tax coverage that mitigates the collection efforts. To ensure that efforts yield the much-needed progress and beyond the existing collection process, there should be the widening of Nigeria's tax net. Lagos State sets a remarkable example for other states to follow through its model tax administrative machinery. The machinery granted full autonomy to the Lagos State Inland Revenue Service in 2006 and created new tax operational units within the agency. In 2008, the agency introduced the self-assessment filling system and a system for collaboration with other MDAs. To capture a wider range of the informal sector, in 2016, tax assessments were translated to various local languages, and more than 39 tax stations had been established across the state with compliance initiatives as priority. As a result of the wider coverage, Lagos state has witnessed unprecedented IGR growth –

from a monthly average of N5.1 billion in 2006 to N56.7 billion in 2018. Going forward, states whose tax agencies lack such machinery should first be granted autonomy by the state governments.

- There should be the capturing of a wider range of informal sector in each state and at the federal level through similar initiatives. This is vital to adding more taxpayers into the tax net. Individuals and businesses are not left out in ensuring that the new minimum wage policy works for the improvement of the economy. To do this, critical emphasis on employee/worker productivity is essential; particularly when the alternative retrenches mechanism is not an option. For individuals: collecting a higher wage is needful to encourage their improved commitment and performance. For businesses: given that productivity is an important determinant of economic growth, spurring productivity could inform higher national output. More regular assessments and demanding increased realistic targets from each employee are imperative measures that could be used to ensure improved productivity among workers and employees.
- The federal government should inaugurate a committee to negotiate the consequential adjustment in salaries arising from the new national minimum wage. The members of the committee should include the Ministers of Labour and Employment, Finance, Budget and National Planning, Health, Education and the Attorney General of the Federation and Minister of Justice. Others are the Director General, Budget Office of the Federation, Secretary, Federal Judicial Service Commission, Secretary, National Assembly Service Commission and the Chairman, National Salaries, Incomes & Wages Commission. On the side of the Trade Unions, and ten representatives should be nominated by the Joint National Public Service Negotiation Council as members of the Committee. The committee should amicably consider the issue of relativity and consequential adjustment with thoroughness, bearing in mind the welfare of the nation's workforce vis-à-vis the current economic reality.
- The Federal and State Governments, since they are presumably not planning the mass sack of workers in order to meet up with the obligations that will be placed on them by the new minimum wage, both levels of government must work assiduously towards increasing their revenue profile. They must demonstrate renewed commitment to cutting costs and eliminating wastes in the system. The government must be creative in the management of public finances rather than perpetuating the defeatist practice of blaming previous governments for the present state of affairs.
- Compliance to law by both the state governments and the private sector should be ensured by the Federal Government. It is one thing to pass laws and another is to implement them. Therefore since the minimum wage is a law; State governors and entrepreneurs should be encouraged to comply.

Conclusion

Minimum wage no doubt enhances the purchasing power of workers. The signing into law of the new national minimum wage by Nigeria's President remains a political masterstroke that endeared the Nigerian workers and populace to his administration. It is hoped that all affected employers of labour will comply with this directive and that the workers too will reciprocate this financial gesture with better and improved productivity.

However, the Federal Government must ensure that the economy becomes more productive to sustain the approved new national minimum wage of N30,000. This is necessary as the prices of commodities have started going up even when employers are yet to commence the payment of the new national minimum wage.

References

- Basten, K. (2017, October 5). *5 wage types and how they affect your employees*. GovDocs. Retrieved from <https://www.govdocs.com>
- Bonte-Friedheim, J. (2017). Should we raise the minimum wage? Retrieved from <https://www.theperspective.com>
- Burkhauser, R. V. (2010). *Minimum wage*. Geneva: International Labour Office.
- Burkhauser, R.V. (2014). Why minimum wage increases are a poor way to help the working poor. IZA Policy Paper Series (No. 86). *Institute for the Study of Labour (IZA)*. Retrieved from <http://ftp.iza.org/pp86.pdf>
- Business Dictionary (2014). Complete and Unabridged, 12th Edition.
- Cambridge Academic Content Dictionary. (2008). Illustrated edition. Cambridge: Cambridge University Press.
- Encyclopedia Britannica. (2010). 15th edition. Chicago: Encyclopaedia Britannica, Inc.
- Fabamise, O. (2018, April 17). Will new minimum wage improve workers productivity?. Leadership. Retrieved from <https://leadership.ng/2018/04/17/will-new-minimum-wage-improve-workers-productivity/>
- Finley, M. I. (1973). *The Ancient Economy*. Berkeley: University of California Press.
- Gboyega, A. (1987). *Political values and local government in Nigeria*. Lagos: Malthouse Press Ltd.
- International Labour Organisation. (2006). Minimum wages policy. Retrieved from ilo.org
- John, P. (2019, April 8). Nigeria's New National Minimum Wage: Responses and Implications for the Economy. *Centre for the Study of the Economies of Africa*. Retrieved from <http://cseaafrica.org>
- Lawal, T & Oluwatoyin, A. (2011). National development in Nigeria: Issues, challenges and prospects. *Journal of Public Administration and Policy Research*, 3(9): 237-241
- Liberto, D. (2019). Minimum wage definition. *Investopedia*. Retrieved from https://www.investopedia.com/terms/m/minimum_wage.asp
- Maduawuchi, T. (2017, October 12). Wages: definition, types, wage determination. Nigerian Infopedia. Retrieved from <https://nigerianinfopedia.com/wages-definition-types-wage-determination/>
- Makinde, F., Awoyinfa, S., Nwogu, S., Onuba, I., Nnodim, O & Utebor, S. (2017, February 1). Will an increase in minimum wage help economy? Punch. Retrieved from <https://punchng.com>
- Ojo J. (2019, April, 24). N30,000 new minimum wage: Matters arising. *Punch*. Retrieved from <https://punchng.com>
- Olawuyi, I. (2018, March 1). Expectations and challenges of the new national minimum wage. *Pulse*. Retrieved from <https://www.pulse.ng/news/nigerian-economy-expectations-and-challenges-of-the-new-national-minimum-wage/lnxg9d4>
- Wage. (2019). In the *Free Dictionary by Farlex*. Retrieved from <https://www.thefreedictionary.com/Wage>
- Wage. (n.d.). In *Wikipedia*. Retrieved April 20, 2019, from <https://en.wikipedia.org/wiki/Wage>