

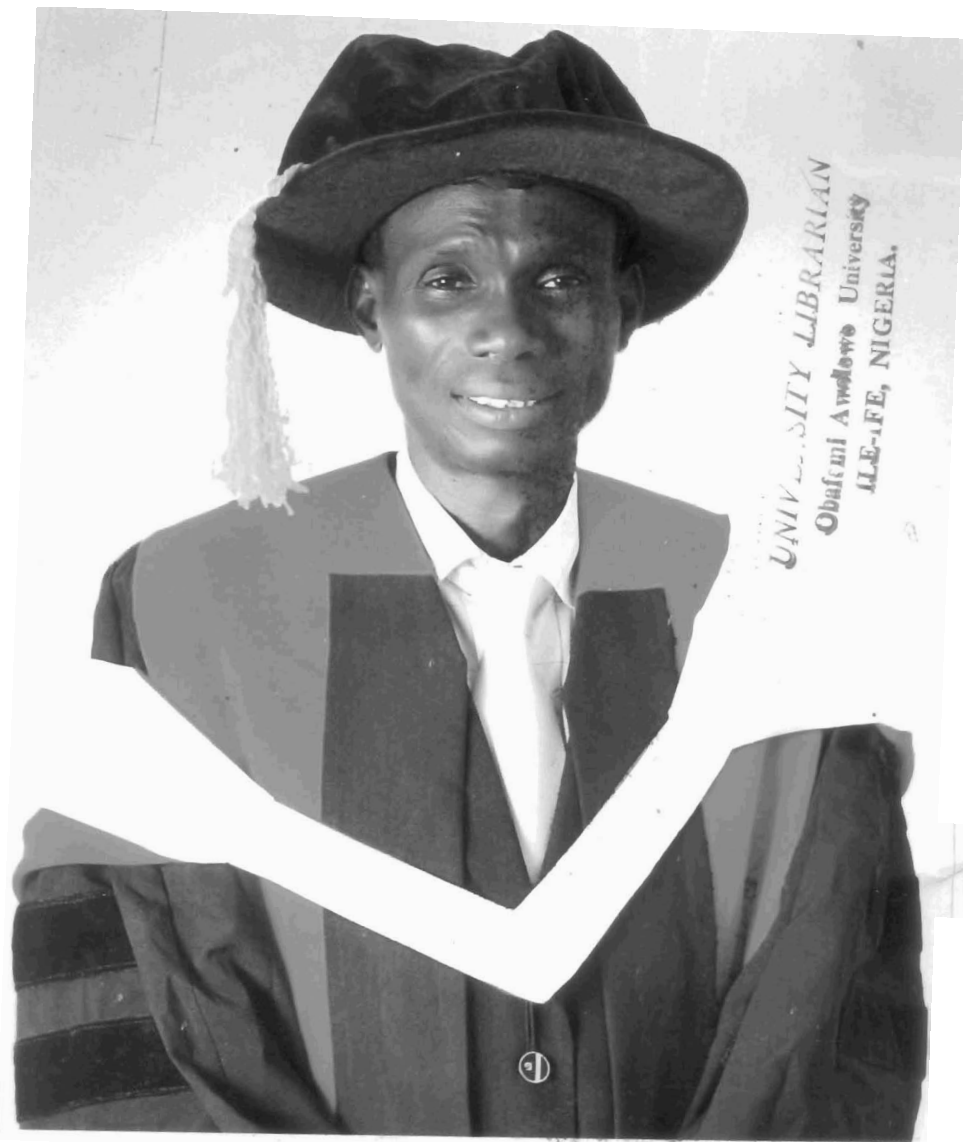
INAUGURAL LECTURE SERIES 296

**NAVIGATING THE LABYRINTH OF
THE CONTEMPORARY NIGERIA
LABOUR MARKET: ARE THERE
GREEN LIGHT?**

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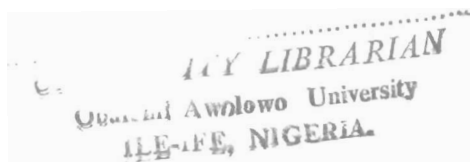
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Navigating the Labyrinth of the Contemporary Nigerian Labour Market: Are There Green Lights?

1. Introduction

Mr. Vice Chancellor Sir, distinguished ladies and gentlemen, it is with great honour and deep sense of gratitude to the only wise God that I stand here today to present my inaugural lecture. This is the 296th inaugural lecture series of this University and the seventh in the Department of Economics. The timing of this inaugural lecture is unique because it is coming at a time when Nigerians have expressed desires for **change** through the ballot box. Real changes that can engineer real transformation of our economic performance in Nigeria, within the context of the evolving global economy, must touch the root of critical systemic challenges, especially, those critical systemic challenges that have made our economy uncompetitive in the global market.

According to Freeman and King (1979), four general labour issues are discernible in any society. The first is wages- what determines wages and its adjustment, in the economy as a whole and in particular sectors, enterprises, and occupations? The second is employment and job skill- how can we reconcile human capital development with the employment needs of the economy and the global market? The third is a key development issue of unemployment- how do we explain why young ones stay unemployed more than necessary and why is the problem more chronic in developing countries? And the fourth is the industrial relations and work rules - that is how should management and workers' relationship be run in private and public work places? In what ways can a country manage the operation of labour markets and decisions of unions and enterprises? Approaches to these key labour market issues constitute the foundational factors for the observed differences in macroeconomic performances among nations in the world. Also, worthy of note is that productivity growth, economic growth, inflation rate, exchange rate and unemployment rates are determined by how the existing human

capital resources of a country are effectively organized, developed and utilized. It necessarily follows that the most important asset of any nation is her human capital base and how it is harnessed for production determines the long run macroeconomic outcomes.

On the pay determination and adjustment, till date a critical policy issue for which huge financial resources and man-hours have been lost and many Wage Commissions have worked is modality for the determination and adjustment of wages across sectors and occupations in Nigeria. Despite the struggles, no direction has been established that meet any international standards and that can put the economy on the path of stability, growth in productivity and industrial peace. As regards job skill and employment, no concern at any level is known on addressing how to reconcile human capital development with economic needs. Apparently, national investment in education over the years in Nigeria goes on without reconciliation with the needs of the economy.

Over the years my research burden has been on policy direction on these development issues with respect to labour. In this lecture, first, presentations are made on perspectives on some key labour issues; and second, is a synopsis of my contribution on all the issues of labour and development that I have earlier itemised.

From the outset, it is important to note that academic concern on labour relations varies across disciplines. For instance, while Psychologists are generally concerned with job satisfaction, Sociologists with employee alienation and Political Scientists with the structural relationships of the union organisation and its members and leaders, in economics we are concerned with wage determination and the productivity implication. This focus on wage in economics is key because every decision by individual or firm or government is an economic decision. Whatever the consideration, whenever wage rate is greater than marginal productivity, the long run effect is that the job and the institution offering such wage will go under. When the institution is a nation, it ends up being heavily indebted and depressed with abnormally high unemployment problem and poor standard of living.

My view point in this lecture, howbeit a bitter pill is that at about 57 years of continuous self- governance, with the application of all kinds of policies and programmes such as indigenization policy, liberalization policies, Structural Adjustment Programme (SAP), National Economic Empowerment and Development Strategy (NEEDS), Seven Point Agenda, and Transformation Agenda, what is apparent is a nation that remains bedeviled with infrastructural deficiency, heavily indebted to other nations and heavily import dependent. It is a nation, where irrespective of education and qualifications, youths remain unemployed for a long time, and where educated youth feel a great relief once they escape to other nations with their parent celebrating their exit to the greener pasture.

2. Some Fundamental Issues of Concern

I observed that between 1986 and 1998, all prices in the commodity and financial markets were automatically adjusting to the dictates of economic adjustment and policy development in the economy, whereas, nominal wages remain pegged in the labour market (Adebayo, 1999). The government then assumed away the grave effect of nominal wage rigidity, as against the depressing effect of inflationary pressure on the workers' welfare. Expectedly, the low and declining salaries degenerated into severe erosion of purchasing power leading to a sagging consumer demand.

This development then had implications for production as firms found it unprofitable to expand production since their warehouses were loaded with unplanned excess stock of finished products. Based on Annual Abstract of Statistics, capacity utilization in the 90s declined to an annual average of 30 percent in the manufacturing sector (FOS, 2003). Consequently:

- investment and employment in the productive sector were threatened;
workers productivity and health were hampered by malnutrition;
- The phenomenon of moonlighting became evident, resulting in the investment of high proportion of workers' time and energies in other informal economic activities in

the attempt to maintain real income and keep body and soul together;

- General lack of commitment and inefficiency at work place; and
- Corruption and breakdown of values in the public sector and other facet of national life.

Of course, given the above scenario, the industrial atmosphere became turbulent and data on estimates of annual averages of dispute reported from 1990 to 1998 indicated that over 60 percent of trade disputes ended up in strike (Adebayo, 1999). The consequences of the trade disputes and ensuing strikes for the economy are obvious especially in the context of the man-day lost for which pay were received. This had brought to the fore the imperative of establishing an acceptable modality for wage determination and adjustment in Nigeria.

For the past 18 years of democratic rule and with series of subsequent reviews of minimum wage between 2000 and 2010, the economy has remained bewildered with more serious and yet unresolved trade disputes and strikes in many sectors of the economy. Explanations for these unwholesome developments include:

- attitude of stakeholders to the issues of wage determination and adjustment modality;
- disregard of signed agreement by stakeholders;
- improper coordination of pay negotiation across different occupation and sectors;
- delay in payment of workers' pay and other factors.

Mr. Vice Chancellor Sir, no labour market problem is as important to the individual, to the economy or to society in general as the determination of workers' pay. This is so because workers' pay set the level of individual earning and to a considerable degree constitutes the main element of living standard for families. Also, workers' pay is a major component of cost of production in most enterprises and thus, it is a key factor in determining the level of

product prices. In addition, wages provides incentives for the movement of labour between geographical areas, occupations, industries, and for the acquisition of skills.

The experience in Nigeria is that some form of wage negotiation, review and adjustment were never considered paramount until it degenerated into a situation that threatened the economic progress of the country. Thus, adjustment of wages in reaction to developments in the economy has always been traumatic. Hardly any government administration in Nigeria went without experiencing the wage storm arising from the process of negotiation. For instance, in the last two years, most teaching hospitals in Nigeria have hardly worked for six consecutive months without one strike or the other. Also, the six-month national strike of ASUU in 2013 with all its irrecoverable costs on individuals and the economy remain fresh in our memory. Apart from these, there are disturbing experiences of most states in the country with regard to the issue of backlog of salary arrears and strikes. It is so bad that on 12th July 2015, it was reported in the Punch that Policemen even threatened to boycott governorship election in Kogi and Bayelsa States over the unpaid salary arrears of 13 months.

The experiences of backlog of salaries are here again in many states and some Federal Government's Ministries, Department and Agencies (MDAs). Strikes and counter strikes have become the order of the day at virtually all levels of government and sectors of the economy. Comparatively, industrial relation crisis in the private sector appear less pronounced than in the public sector. Arguably, the conditions of service appear more secured in the public sector than what obtains in the private sector, which tends to make place workers in the public sector in a vantage position to take to strike. The matters arising from all of these are the following: what must we do to move Nigeria out of this mess? How should the wage challenge be handled to position Nigeria workers for productivity and the economy for better macroeconomic performance?

3. Perspectives on Workers Pay and Productivity

The literature is replete with several perspectives on how workers' wages could be determined for productivity and job satisfaction. The perspectives are both divine and academic in nature. Each perspective is presented as follows:

3.1 Divine Perspective on Workers' Pay

Mr. Vice Chancellor sir, on the issue of workers' pay and productivity, it may be instructive to examine the divine perspective and instruction. The Bible states: *You shall not muzzle the ox while it treads out the grain and, the labourer is worthy of his wages* (1 Timothy 5:18). In that generation captured in the Bible, production technique on farm involves wide use of Ox to tread out corn. In this case, the theocratic rule of reward which governed the use of ox (Beast) was that: the beasts that were employed in treading out the corn were allowed to feed while they did the work so that the more work they did the more food they had. By implication, the scriptures capture the significance of productivity in connection with reward in that generation. In reference to this rule, it was stated in the new testament in application to use of people for work with particular reference to those who cater for others; that those who labour in words and doctrine be well provided for; for the labourer is worthy of his reward.

The submission of the Holy Book concerning those who labour in specific task and adding definite value can be summarized as follows:

- Consideration for every form of labour must be governed by justice, fairness and equity;
- Exploitation must be avoided, even for beasts not to talk of human beings; and
- That it should not be the other way round, that is, the scripture frowns at indolence, laziness and slothfulness in business and on this it is stated *that if any would not work, neither should he eat*. II Thessalonians 3:10b

Therefore, work confers the right to pay and more work means more pay. In other words, a worker's pay or income should be the value of contribution to economic output.

Mr. Vice Chancellor sir, the economic perspective of productivity, as you will see in the next section of the lecture is consistent with this divine arrangement.

3.2 Economic Perspective on Productivity and Wage Determination

Generally in economics, demand for any product is based on the satisfaction or utility it yields. However, labour is peculiar because its demand is derived from the demands for the product it can produce. Therefore, labour is a primary factor of production and it broadly includes both physical and mental efforts in form of depth of knowledge, skills and efficiency of workers used or applied in production. From the supply side, the labour service desired by employers is inseparable from the worker, thus workers are owners of labour. On the other hand, labour is demanded because of its contribution- its productivity in creating goods and services. And so, productivity refers to the amount of goods and services that a worker can produce for each hour of work (Mankiw and Taylor, 2011). The major concern and challenges on use of labour resource, therefore, revolves around the process of setting workers' pay (price of labour) or establishing pay structures that justify the value of labour's contribution to value of output to the society.

In the Marxian economic analysis, the value of a commodity can be measured by the average number of labour hours required to produce the commodity. In essence, the economic value of a good or service is determined by the total amount of labour required to produce it, rather than by the use or pleasure its owner gets from it (Capital, 1867). This view submits that the price of labour-power (wage rate) will be determined by the cost of production that is the labour time necessary for the production of the commodity.

In the world of classical and neoclassical economics, under a competitive setting in which efficient allocation of labour

resources is a prime goal, workers receive wage rates equal to the marginal revenue gained by the employment of the last worker hired (McConnell and Brue, 1986). The issue of labour competitiveness for job is typically expressed in terms of unit labour costs, i.e., wages relative to real labour productivity. Even though it is difficult to obtain a perfectly competitive labour market in reality, most labour markets contain elements of competition. The understanding of the model helps in analysing the conduct of workers and employers and predicts wage and employment outcomes in the real world labour markets. The theory suggests that the economic value of the workers' contribution (value added) in production is what normal remuneration or wage rate should be. From economic point of view, the price of labour to employer in return for workers' efforts in production is the wage rate. When wage rate has no bearing with productivity, it is simply a wage award or in economic parlance, transfer payment.

The best wage rate, therefore, is that in which there is scope for firms and organisations to increase labour productivity and therefore be able to afford the wage rate increases and exist in-perpetuity. This is fundamental because, according to Katz (1986), wage is a major component in production cost. Every increase in pay increases production costs. Wages and benefits are largest single cost factor on employers' income statement. And potential for income generation and continuous existence of the organisation is primarily connected with productivity. To address ability to pay and maintain organisational goals, the response in the absence of increased productivity could be to trim employment or adopt labour-saving devices. However, to avoid unemployment, Oladeji (1994) contended that ability to pay principle should be reviewed to accommodate explicitly ability to produce.

In Tobin's view "people who lack ability to earn a decent living need to be helped, but they will not be helped by minimum wage law, trade union wage pressures or other devices which seek to compel employers to pay them more than their work is worth. The

more likely outcome of such regulations is that the intended beneficiaries are not employed at all” (see Samuelson, 1980). This is because under a highly centralized collective bargaining, increased wage pressure has potential to generate higher unemployment through reactions such as outsourcing of some services in attempt to cut costs (Aidt and Tzannatos, 2002).

The issue is that productivity growth rather than money wage is the main determinant of material well-being and economic growth in the long run (Pessoa and Reenen, 2014). In the real economic sense, large variation in standard of living around the world is determined by differences in the productivity of workers across nations. For instance, due to productivity, some East Asian countries, such as Singapore, South Korea and Taiwan have had their per capita income increasing about 7 per cent per annum in recent decades. At this rate, per capita income doubles about every ten years. These countries have in the length of one generation, gone from being among the poorest in the world to be among the richest. In contrast, in some African countries, such as Chad, Ethiopia and Nigeria, per capita income has been stagnant for many years. On this basis, Mankiw and Taylor (2011) argues that productivity rather than trade is the driver of real growth. The authors add that in nations where workers can produce a large quantity of goods and services per unit of time, most people enjoy a high standard of living. And in nations where workers are less productive, most people must endure a mere meagre existence.

In the same manner, the growth rate of a nation’s productivity determines the growth rate of its average income. In most developed economies where the primacy of productivity to economic progress is recognized, workers’ remuneration is usually designed to promote productivity even within the context of application of minimum wage rule and collective bargaining principle. The fixing of wage payment could take the form of time rates or piece rates. For the reason that in economics of time, time is a scarce resource which individuals allocate to different activities until it gives an equal marginal yield. For persons who work, the marginal value of time is set by wage rate. Based on this

view, wage rates are paid per hour for over 75 per cent of the workforce across many sectors, occupations and industries in the United States of America and United Kingdom.

A key but unrecognized foundational problem in connection with wage and employment in most natural-resource endowed developing world is that wages and recruitment are made more sensitive to heavy inflow of dollar-denominated revenues from rich natural resources endowment than the productivity consideration. Collective bargaining system and government decision in country under such financial resource wind fall produces wage payment that relies on national revenue share, which defines the ability to pay. The issue is, wage fixing and payment based on this principle in public sector influences significantly wage rate expectation in the real sector. This is because the minimum wage fixed for workers in public employment has to a certain extent acted as a *de facto* minimum wage, influencing the setting and perception of wages in the other sectors. And in such circumstance, it biases labour resource allocation against the real sector of the economy where productivity dictates sustainability of business. This has made the manufacturing and agricultural sectors less competitive in terms of productivity and employment expectation, in most of the highly natural resource endowed developing nations.

The negative effect of the lack of competition in real sector on productivity is that it forces the economy to rely on other nations for a wide variety of goods and services. Of course, when the market for the natural resource in question declines, especially through negative price shocks, as was experienced in the case of Nigeria's crude oil price crash, with its attendant over 50 percent decline in oil receipt, the economically devastating result in the labour market is the accumulation of salary arrears. The salary arrears experience in many cases is a reflection of foundational insensitivity of recruitment and wage rate fixing to productivity. This insensitivity to productivity often contributes to the

development failure as identified in the resource-curse theory for such countries.

3.3 Labour Relation perspective on Productivity and Wage Determination

The demand for labour is a demand for labour service and not the worker itself, hence the complication of labour relation on the issues connected to work rule, conditions of service, labour union and collective bargaining. The labour relation process is one in which employer and agent for employees (the union leaders) jointly decide on terms and conditions of employment (work rules) and enforce them. The terms and conditions can be broken into two major dimensions:

- the rules governing workers' pay or compensation in all its forms;
the rules specifying the employees and employers' job right and obligations (such as performance standards, promotion qualifications and procedures, layoff procedures and job specification).

Thus, the centre of attention in labour relations is the terms and conditions of employment (work rules) negotiated between management and union officials. In the context of **normal labour relations, wage fixing process takes productivity issue as one of the key factors** for consideration. It combines issues of ability to pay, the economic condition of demand and supply of labour comparable to prevailing market rate for labour services in the economy and other similar economy. Others include cost of living, cost of training of worker, union bargaining power and government regulation.

In practice, due to lack of understanding of the important role of normal labour relation, and the implication for the quality of labour-management relationships, the whole process in the private and public sectors many times is turned to irresponsible use of power game. Generally, in a standard labour-management relation the following conditions are important:

- recognition of the legitimate rights and responsibilities of parties;
- negotiation of service condition or labour agreement; and
- administration (application and enforcement) of the negotiated agreement on all stakeholders
(see Holley and Jennings, 1982:21).

In this case, both labour and management accept the importance of the institution of collective bargaining; work together to nurture a well-developed communication flow between parties and recognize that they have certain goals in common.

In the context of Nigeria, labour relation process is found to be bedeviled with bad faith bargaining strategy at both the management and union levels (Holley and Jennings, 1988). Bad faith bargaining occurs by show of disrespect for labour relation process in the area of adjustment to stand on issues. For instance, in the private sector, the employers' position of power, in most cases does not permit workers' union to express their opinion or leaves the unions very weak and conditions labour process to a 'take it or leave it' for workers. In most private sector-based industries, right to unionism for workers is weak. More specifically, sectors such as banking, manufacturing, education, health and trading under private sector are generally less unionized in Nigeria. Use of contract staff has become a pervasive practice. Workers' voice is silenced and with the harsh economic conditions, workers are left to take what they can get in the private sector. In essence, industrial relation within the contemporary economic environment in the private sector is more of industrial suppression and exploitation.

Generally, proper bargaining coordination reduces strike activity (Aidt and Tzannatos, 2001). However, in the public sector in Nigeria, government agents demonstrate lack of competence to engage trade unions and mould their activities and actions for the economy's progress. Dilatory tactics of unreasonable procrastination in executing agreements is common. Instead of engaging the union and confronting the challenge in question

objectively, most agents of government are preoccupied with how to bribe union leaders or forcefully cage them in an attempt to buy time to complete their tenure of office. Labour agreements with each union and professional union body are conducted without proper consideration of the implication for other similar union within and across other sectors. The wide practice of this isolated bargaining with unions has created complicated and violent inter-union rivalry connected with payment parity in many institutions within the public sector. For instance, the public hospitals at state and federal levels are currently engrossed in a number of crises connected with pay reconciliation among medical professionals

At the trade union's end in the public sector, the growth of union over the years and strength of membership has empowered the unions, especially in the use of the force of strike with pay to secure a kind of edge in labour relation. In terms of union density and bargaining coverage, the following are among the very powerful unions in Nigeria:

- Nigeria Labour Congress (NLC);
- Nigeria Union of Petroleum and Natural Gas Workers (NUPENG);
- Petroleum and Natural Gas Workers Senior Staff Association (PEGASAN);
- Nigerian Union of Teachers (NUT);
- Academic Staff Union of Universities (ASUU);
- Health Workers Union of Nigeria; and
- Nigeria Medical Association (NMA).

With regard to these unions, a very controversial and unresolved issue is the disregard for bargaining territory or jurisdiction or coverage. For instance, every union's agreement with the Federal Government on workers benefits is often adopted for blind application to other sectors, tiers of government and agency. This practice is a form of bad faith bargaining struggle in labour relation. The implication is that with negotiated salary, it is doubtful if the wage determination or fixing will adequately reflect the productivity of workers. In most cases, such wages will

only reflect the bargaining strength of the workers union vis-à-vis the employer (Oladeji, 1994).

4.0 ACADEMIC RESEARCH CONTRIBUTIONS

Over the years, I have undertaken studies to investigate empirically some of the foregoing issues. The published works are in six categories: bordering on Human capital development, the functioning of the Labour market; the issue of industrial relation and wage adjustment in Nigeria and unemployment. Others that appear to define the labour issues in contemporary Nigeria are: Governance and corruption in the public sector and issues on health human capital accumulation. Mr. Vice Chancellor Sir, permit me to provide a panoramic view of my contribution in these areas.

4.1 Human Capital Development in Nigeria.

The concept of human capital is complex and multi-faceted. In economics, human capital is used to capture the stock of all physical, intellectual, skill and psychological capacities of people (Laroche, Merette and Ruggeri, 1998). It represents the aggregation of investments in activities such as education, health, on-the- job training and migration that enhance individual's productivity in the labour market. In this sense, when investment is made towards improving health, and educational status, a stream of higher returns in terms of income and health status occur as quality of life increases. Generally, the more education and training an individual receives the more knowledge, skill and expertise acquired. Thus, education and training are crucial in determining the occupations and functions open to individuals in the labour market (Bosworth, Dawkins and Stromback, 1996). When education is of the right quality and quantity in an economy and it is designed in the context of human resource need, there are usually lower unemployment rates and higher earnings in the labour market.

A positive investment climate enhances human capital development as it attracts new firms and encourages adoption of

new technologies by the existing firms and thus, raises returns to investment on education. The link between education and manpower productivity and growth, that holds for both developing and developed countries, can however breakdown under extreme circumstances. Many African countries, particularly Nigeria have experienced deteriorating labour market conditions and poor growth performance even as there have been rapid increase investment and output in education. That is, despite the national investment in education, unemployment problem seems to be on the increase and becoming complicated.

Adebayo and Olomola (2008) analyses the link between education, human capital development and labour market conditions in Nigeria. The study investigates whether Nigeria's educational system and strategy are a factor responsible for the inability to meet human resource need and consequently high unemployment in the labour market. It is noted in the paper that attempts to link education and labour market has generated considerable discussions in the literature. At the primary school level, attempts have been made to introduce manual labour to schools on the assumption that children will learn to love manual work and thus remain on the farm after graduation (Psacharopoulos, 1986). However, such policies failed in economies like India and China that adopted it (Zachariah and Hoffman, 1985). Another example of attempt to link education to labour market is that of the state offering guaranteed employment to all university graduates. Evidence shows that several countries like Egypt, Sudan, Somali and Tanzania which had tried the approach have abandoned the policy (Chapman and Windham, 1985). It is our contention that it is difficult to link education to labour market by government fiat or civil right activism posture of job entitlement. Absorption of workers in the labour market is dictated by economic needs which is in turn determined by the economic conditions of production of goods and services.

In the classical theory, product demand in the commodity market dictates the demand for workers in the labour market. The interaction of labour demand and supply determines the quantity of

labour that will be employed per time at a given wage rate. Thus, the relatively high unemployment of the educated and skilled labour as compared to unskilled persons in developing countries is often associated with labour market regulations.

In other cases, the oversupply seems to be provoked by government policies promoting expansion of educational institutions irrespective of stagnating demand in the labour markets (Wilczynski, 1989). Nevertheless, it has been argued that the adjustment of enrolment to changes in returns to education is not always smooth or rapid. And the inability to respond immediately to changes in market conditions can cause boom or burst cycle in the market for highly technical workers.

Another explanation is that there seems to be a severe socio-political pressure to expand education but the economic needs very often fall short of what the educational system delivers. On this, there is considerable evidence that political and social pressures based on anticipated gains from additional education have frequently led to educational expansion far ahead of economy's need. However, Carlson (2001) argued that despite over-qualifications, persons with tertiary education took up lower positions thereby transferring the unemployment to the semi-skilled labour force.

In addition, it has been argued that more educated society may lead to higher rates of innovation and invention, make everybody more productive by helping firms introduce new and better production methods (Hanushek, 2005). However, the quantity and quality of current education in developing countries, including Nigeria is a cause for concern.

In the case of Nigeria, the study indicates that the educational policy of 1970s to 1990s focused on the development and expansion of the Nigeria's educational system to meet the needs for educated and highly skilled manpower. This policy posture led to emergence of a culture that has come to equate demand for basic education with demand for higher and tertiary education by Nigerians. To correct the imbalance, a National policy of

Education known as 6-3-3-4 system was adopted. This policy placed emphasis on education for self-reliance, self-employment and technological development of Nigeria. By way of evaluation, the policies and strategies on education could be adjudged as rightly focused but their implementation leave much to be desired, especially when the labour market implications of such policy measure are considered.

As regards quality, the employers are increasingly worried about decline in the quality of education. The curriculum and the competence of the teachers as well as the quality of the admitted students and learning environment are very important determinants of teaching-learning outcomes. Consequently wide gap exist between the contents of the outlined curricula and classroom teaching, with the result that students are not attaining the desired level of knowledge and skills. Many educational institutions, including universities operate with crowded and deteriorating physical conditions, limited library resources, insufficient equipment and instructional materials, unqualified teaching staff, and absence of academic rigour. The drive for quality assurance, led to the current renewed effort of the National University Commission (NUC) on strict processing of licensing and accreditation of universities' programmes. Accreditation exercise revealed that many of the emerging private universities do not have adequate number of full-time qualified lecturers and very low proportions have doctoral degrees. High proportion of lecturers used during accreditation exercise for programmes are associate or adjunct lecturers who are full-time staff in other universities. It has also been observed that retired professors were also been engaged in the private universities on contract appointment due to shortage of university teachers in many programmes. This development is a form of capacity constraints that may have serious implications for quality of graduates and research productivity in the long run in Nigeria. To a large extent, the development also affects productivity and human capital utilization in the labour market. More importantly, knowledge and skill deficiency can impair economic growth in the short-term and also have long term

consequences for introduction of new technologies (Adebayo and Ogunrinola, 2006).

On quantity issue, Nigeria has witnessed high proliferation of educational institutions at both private and public sector levels. At university level alone, the latest statistics on the website of NUC show that there are 61 private universities as against 40 federal and 40 state-owned universities. If the 108 polytechnics and 82 colleges of education are added, Nigeria currently has 331 tertiary institutions. This implies that we have an average of 9 tertiary institutions per state and federal capital territory. The expansion of universities in terms of number of institutions and enrolment/turnout had directly increased the supply of educated manpower above the demand for them with educated unemployment implication. Thus, in the context of the effect of education and human development strategy, the labour market condition deteriorates whenever the supply of labour exceeds the demand at the prevailing wage rate. In Nigeria, the nature of educational system has been implicated on some grounds for the deplorable labour market condition. According to Adebayo (1999b), this is explained by rapid expansion of Nigerian educational system in terms of explosive increase in: number of different categories of educational institutions, enrolment and turnout of graduates of different categories into the labour market from public and private-owned educational institutions. The implication of this for unemployment challenge in the labour market cannot be overemphasized. In essence, the contemporary labour market signals in Nigeria do not support a breakdown of the connection between education and employment.

A further study by Adebayo (2000) examines the effectiveness of the linkage between the world of learning and the world of work. This was done by conducting an analysis of the labour market experience of Nigerian tertiary graduate job-seekers. The data for the study were obtained through a survey of 2,411 tertiary graduate job-seekers who applied for the post of Management Trainee with the defunct Dunlop Nigeria PLC, Lagos. The defunct Dunlop Nigeria PLC had put up a vacancy advertisement for the position

in The Guardian of October 21st 1997. According to the advertisement, the following conditions were to be satisfied before applying:

- At least five credits passes including English language and Mathematics at the secondary School Certificate Examination (SSCE) at one sitting;
- minimum of Second Class, (Upper Division), from a recognized university or Upper Credit in Higher National Diploma from recognized Polytechnic or College of Technology;
- not more than 28 years old by the end of December, 1997; and
- must have completed or have been exempted from the mandatory one-year National youth Service Corps (NYSC) Scheme.

At the end of the two weeks from the date of the publication, over 5,000 graduates applied for the job for which only seven Management trainees were required.

Out of the 5,000 applicants we were able to pick 2,411 applications of tertiary graduates. The data for the analysis were obtained from the personnel records of those who applied. Information from the personnel manager indicated that those shortlisted were still required to take test before they could be qualified for invitation to oral interview. The hurdles of stringent conditions mounted were designed to make the selection of qualified candidates easy. However, they found that there were too many well-qualified graduates in all fields of the company's interest. It was expected that through the medium of advertisement of the job, all qualified tertiary graduate job-seekers would have access to the vacancy information and apply if interested and qualified. Also our sample size of 2,411 was considered statistically large to permit generalizations about tertiary graduate job-seekers in Nigeria because it represented about 50 per cent of all the graduates who responded to the national advertisement on the vacancy (see the Guardian, October 21, 1997).

Main findings of the study may be summarized as follows: first, the graduate's job-seekers were found to be young adult, mostly between ages 23 and 32 years. In terms of gender, 77 per cent were male and 23 per cent were female and only 9.7 per cent were married. Second, about 63 per cent of the graduates had not been employed at all since graduation. A separate analysis of the socio-demographic characteristics of this group did not show any significant difference from the general background picture shown by all job-seekers put together. Thus, their background could not be taken as a strong reason for their plight.

Third, the study indicates that the general waiting period across all disciplines was between one and two years before securing first job. Virtually, the labour market conditions affected the graduates in the same way irrespective of their courses of study. Fourth, the analysis of the job-search duration across states and region shows that the one to two years waiting period was common for all graduates. By region, about 80 per cent of the graduates from the West waited for between one and two years; and in the Mid-West, the proportion was about 82 per cent. As for the East, it was about 83 per cent, while in the North; it was about 85 per cent.

Therefore, within the framework of this analysis the graduate unemployment problem in Lagos cannot be associated with the factor of geographical labour immobility. This perhaps may be so because of the peculiarity of Lagos and the tendency for graduates to move to Lagos as soon as they graduate. The problem appears to be a reflection of general decline in the labour absorptive capacity of the economy, which in the opinion of this study is not unconnected with government's contractionary economic policy. However, the increasing average waiting period of one to two years for this class of graduates before the possibility of jobs, irrespective of discipline and state of origin, shows that the kind of training received by Nigerian graduates from the universities cannot be responsible for their plight. In the word of Oladeji (2014), they were educated, qualified but jobless. Thus, first, it is an issue of Nigeria's economy's stagnation. Second, is the lack of entrepreneurial ability which could have catalyzed them into self-

employment. Nevertheless, these cannot totally explain the vast problem of graduate unemployment. One may ask: how friendly is the harsh economic environment to the Small and Medium Scale Enterprises, which could possibly have absorbed them in the absence of paid employment? Or in the alternative, what is the absorptive capacity of the economy for the entrepreneurial skill, often canvassed by government?

It is my contention that the issue of tertiary graduate unemployment is a vast and complicated problem. On the supply side, the fact is that when population increase over a long time against declining labour absorptive capacity in an economy, unemployment will inevitably be the outcome. Educational expansion transforms the labour force and consequently makes the repercussion of the unemployed segment of the labour force serious in terms of resource waste and socio-political problems it may generate. This issue is crucial because population forecasts, together with other demographic trends in Nigeria seem to indicate that the social demand for higher education will continue to grow. Thus, a sharp cut of the supply trend of graduate required to equate currently declining need of labor in the economy is practically infeasible.

For clearer understanding of economic stagnation, Mr. Vice Chancellor sir, the study I have reported was published 17 years ago. Between that time and today, 65 per cent of the manufacturing enterprises where I conducted the survey have gone under. Among the affected enterprises were: Kaduna Textile (KTL), Arewa Textiles Plc, Fine text Plc and United Nigeria Textiles (UNTL). Also, in the rubber industry, Dunlop Nigeria folded up, while Michelin moved out of Nigeria due to harsh operating environment. These were enterprises with production factories that housed big community of thousands of workers in the Nigerian economy in their boom days. Other enterprises in this group that are in existence have become traders in imported materials in Nigeria. In essence, the lack of competitiveness of the products of these enterprises was mainly due to high cost of doing business connected high infrastructural deficiency, economic policy

inconsistency, corruption of public agents and agencies who make business environment difficult and costly for enterprise operation. The clarion call for entrepreneurship among graduates, in this kind of economy, may be somehow relevant but cannot be the only solution. There are mutually –reinforcing factors and processes that must be addressed for direction on the challenge, such as the performance of the economy, the absorptive capacity for the graduate, efficiency of the country’s educational system to produce the requisite manpower to meet the need of the economy, as well as the nature and functioning of the labour market in Nigeria.

4.2 The Labour Market Condition in Nigeria

On the labour market conditions in Nigeria, Adebayo (1998) argues that efficiently functioning labour market is important to human resource development, utilization and economic growth. The labour market allocates labour among alternative productive activities and is a major force shaping the income distribution. The impediments to efficient functioning labour market operation are multifaceted, and they include structural and institutional constraints. The salient institutional constraints that constitute impediment to the proper functioning of the country’s labour market in the neo-classical sense are Trade Unions and government policies. These come in the form of legislated conditions of work, bargaining process in some sectors and states, and minimum wage legislation. Besides, there are social and political constraints on location or type of work permitted for various groups or citizen within the nation. All these exemplify a malfunctioning or distorted labour market system in a neo-classical sense. This could impact negatively on the economy through structural unemployment which may take the form of skill mismatch, geographical mismatch and institutional rigidities. A corrective approach that flows from this is perhaps the neoclassical prescription of labour market flexibility. The major obstacles to this functioning, according to Hollister and Goldstein (1994), are rigidity in wages and manpower immobility in developing economies. These two factors are reflections of labour market inflexibility.

Based on the foregoing, Adebayo (1998) attempts to verify the extent of labour market flexibility in Nigeria. Labour turnover and other related rates, such as quits and accessions, were analysed using some selected manufacturing establishments in Nigeria. Examinations of the quit rates of the turnover trend showed a generally high involuntary quit rate as a manifestation of the harsh economic climate on the operation of manufacturing firms. The low voluntary quit rate observed is considered a result of the shrinking opportunity for alternative employment within the economy. Also, the accession rates across the sampled firms were generally low, indicating poor human resource absorption. Thus, from the foregoing, one can see that there was low labour mobility in spite of the economic reform programmes. This is seen, more or less, as a case of labour stability illusion manifesting in a stable contractual employment arrangement not based on workers' satisfaction. Investigating into the factors responsible (from worker's perspective) show it is a problem of labour market distress consequent on the harsh economic environment.

The five stepwise regression analyses conducted on all the industries and for the disaggregated data along product line, age, education marital status, union pushfulness and wage were generally significant. Out of the five analyses, wage featured in only two cases but came last in them. This shows that the influence of wage on job tenure was not so strong compared to other statistically significant variables. With regard to labour mobility, therefore, wage was not really a factor that exercised strong influence.

The findings on the long job tenure, as opposed to a short one, and the observed weak influence of wages on Job tenure, invalidated the condition for the fulfillment of the labour flexibility thesis. The cumulative evidence in the study did not suggest any serious drive towards labour market flexibility or the adoption of neoclassical remedy for the country's employment problem. Furthermore, the findings from the study show that the labour market in Nigeria did not conform to the kind envisaged in the neoclassical prescription for addressing employment problems. Additional evidence from

Adebayo (2001) on the factors of labour mobility shows that mobility of labour was restricted geographically along regional lines. The geographical restriction points to the existence of some forms of barrier inhibiting proper integration of the country's labour markets. This implies that fundamental labour market reforms, such that the labour market is made to function according to neoclassical theory may not be feasible. Arising from all of these is the imperative for labour market reform towards enhancing its flexibility and proper integration. In the alternative, there may be need for deliberate government intervention, with a view to supplanting the operation of the market forces, to capitalize on labour relation.

4.3 Labour Relations and Wage adjustment

The determination and adjustment of wages and salaries are critical labour policy issues with strong implication for productivity and industrial peace. Wages and other economic benefits are vitally important to everyone in the labour relations. This is because, wages represent income to employees, cost to organization, and basis for taxes to the government. Besides, in economics, wages function as factors in allocation of resources; influence selection of occupation by individuals and their movement from one firm, industry, or location to another. It also influences decisions on plant location and nature of production technology (investment in machinery and capital equipment); and affects employment and unemployment (Holley and Jennings, 1988). Many countries of the world, especially developing ones, including Nigeria have suffered serious economic set back (in strike, productivity and job losses) because they lack clear economic direction on this matter. The wage issues revolve around rate of increase and frequency of adjustment within the dynamics of economic fundamentals of a country.

On this issue in Nigeria, a paper titled: Resolving the Wage Crisis in Nigeria was published by me in 1999 with a view to influencing policy decision as the nation was transiting from military rule to democratic system (Adebayo, 1999b). The study indicates that the practice in Nigeria has been occasional fixing of the minimum

wage at federal government's discretion through Wage Commissions. In most cases reviews of wages were not considered paramount until it degenerated into a situation that constitutes threat to economic progress of the country. By this, the federal government acts as principal regulatory agency on wage issue in Nigeria. Wage decision among operators in the private sector being largely influenced by federal government pay structure. The paper observed that the rate of increase and frequency of adjustment of wages remained unresolved at the three levels of governments in Nigeria. On this, the case of wage adjustment can be described as one of **wage-price spiral** to date. It is a vicious cycle in which higher consumer prices (resulting from lack of domestic productivity) cause workers to demand for higher wages, which in turn cause producers and importers to raise prices and worsen inflationary forces. In this case, more money in terms of wages increase without productivity justification, only generate the mistaken feeling that a person or group is increasing its real purchasing power, when in fact monetary erosion due to inflation may be decreasing their purchasing power in real term. This is what is referred to as the money illusion in economics. With respect to organized private sector, the paper established that wage patterns vary across individual sector and firms. The study observed that in the private sector and constituent firms, there were in existence standard pattern of industrial relations which in no small measure has implications for the labour market conditions. And to coordinate views about wage issues and maintenance of peaceful industrial atmosphere, the Nigeria Employers' Consultative Association (NECA), was set up by the Federal Government.

Examining the role of the three key institutions in the labour market, the paper found that the government, private employers and trade unions play critical roles in the wage game. However, the federal government appears to play an undemocratic overbearing role relative to others. It was found that the friction in wage negotiations between these key institutions usually precipitate industrial crises with attendant cost to the economy. With respect to workers' unions, the study found that they have directly or

indirectly influenced wages and working conditions of several thousands of their members in the labour market. And in most cases, unions used strikes to influence their bargaining position. Thus, strikes have been important but distasteful weapon, through which unions have influenced Nigerian industrial atmosphere, and consequently the wage level. Mr. Vice Chancellor sir, strike is a legal means of pursuing union's interest; however, in the literature and in a well-informed labour relation process where right skill is employed, it is strike's threat rather than the actual strike that affects the outcome of collective bargaining (see Siebert and Addison, 1981). It may be strange to us in Nigeria, but in most countries and industries where bargaining in good faith as dictated by Labour Relation Act is respected and enforced, bargaining rarely ends in strike.

In the first place, the condition for actual strike to occur requires that union leaders pre-mobilize strike benefits from union dues for members. This is because; no organization under right condition pays workers for period of strike. Also, in most cases strike benefits are below workers' income (Just survival dole) thus, workers are reluctant to go on strike because of the cost. Second, employers or managers of organization with great stake in the running of their outfit detest strikes because it disrupts annual plans and goals and actual strike can cost the crash of the organization and loss of jobs to some of the employees. An adamant posture by either parties is a signal of bad faith bargaining and manifestation of wrong labour relation process. This is why strike is rarely used in many advanced countries of the world the way it is used in some developing countries, and particularly, Nigeria. It is important to state that the pervasive use of strike by unions in Nigeria, especially in the public sector, has been encouraged by systemic corruption with weak political will, improper coordination of collective bargaining by government agents and unbridled use of union power by workers.

Adebayo (1999b) analyzed the wage adjustment experience of some selected countries, mainly: Costa Rica, Mexico, Brazil, India, USA, Australia, Ecuador and Spain. The remaining ones were:

France, Tunisia, Holland, Netherlands, Belgium, Gabon, Luxembourg, Panama, Pakistan and Bangladesh. The review of the 18 countries shows that wage determination and adjustments were not subject to erratic political maneuvers. The determination and adjustment modality were based on critical economic signals such as inflation and consumer price index, with institutionalized pattern of adjustment following pre-established frequency (Time). Adjustment of wages in the selected countries was conducted in a way that inflation is not allowed to erode the workers standard of living in any significant manner. In the experience of another set of seven Asian countries- Cambodia, China, India, Indonesia, Pakistan, Sri Lanka and Vietnam. Wage determination was guided by the indices of inflation and cost of living, economic situation and level of development, existing level of wages and need of workers, level of unemployment and productivity of labourers. Thus, taking clues from these international experiences, an acceptable institutionalized modality could be established to stem wage crisis in the Nigerian economy.

On the question of ability to pay, the expectation in a federal system is that economic management should be performed by the three tiers of governments with some degree of autonomy and not just by one central government as in a unitary system. Adebayo (1999b) found that the operation of the federal system in Nigeria was fraught with many problems, especially in fiscal federalism and some constitutional issues that hindered resource availability to states and local governments in the discharge of their statutory responsibilities. The fiscal arrangement on ground exhibits high degree of centralization that was inconsistent with true fiscal federalism. To be more specific, out of 21 revenue sources, the 1979 constitution assigns the federal government legislative power over the 15 most robust ones, and has administrative collection jurisdiction over 8 of them. The states have legislative power over only 6 but have administrative and collection jurisdiction over 11. The local governments have no legislative power over any revenue source but have administrative and collection jurisdiction on only two sources. Therefore, the states and local governments have jurisdiction over minor revenue sources. Based on this condition,

the study established that dependence of state and local governments on federation account to which the bulk of the federally collected revenue was inevitable. Besides, the study found that the statutory allocation formula suffered from high concentration of revenue in the coffers of the federal government. More specifically, what went to the federal government alone by the formula was more than what went to the 36 states plus FCT. Thus, the fiscal operation in Nigeria is to a large extent monopolized by the federal government. This has contributed in no small measure to inability of states and local governments to perform their economic and social responsibilities. The implication of this for wages determination and adjustment is that the bargaining powers of states and local governments have been eroded by weak revenue allocation formula. The state and local governments have actually been reduced to beggars, which tend undermine their fiscal autonomy.

4.4 Managing Unemployment Crisis

One of the major macroeconomic goals of any economy is the achievement of full employment. This is because a crucial index of economic health of every nation is its level of employment. Employment policies designed to achieve this goal determine the effectiveness with which a nation utilizes her human resource. Thus, if unemployment challenge will ever be resolved, the nature of government policy strategy for human resource utilization is very important. To individuals, employment relationship is one of the most fundamental relationships and as such it attracts a good deal of legislative attention.

However, attainment of the employment objective in many developing countries, especially Nigeria has been quite challenging. It is challenging because a number of ambitious economic restructuring programmes and policies have been attempted without much success. Also, a number of economic programmes have been implemented from one government to the other over the years to promote human and natural resource development, generate employment and alleviate poverty. These programmes include among others:

- Directorate of Food, Roads and Rural Infrastructure (DFRRI) established under Decree No. 4 of 1987;
- The National Directorate of Employment (NDE) established under Decree No. 24 of 1989;
- Better Life Programme for Rural Women;
- Family Support Programme (FSP);
- Family Economic Advancement Programme (FEAP); and under democratic dispensation we have had:
- National Poverty Eradication Programme (NAPEP);
- Federal Road Maintenance Agency (FERMA);
- National Economic Empowerment Development Strategy (NEEDS);
- Seven Points Agenda; and
- Transformation Agenda.

Mr. Vice Chancellor sir, many of these programmes were packaged, well intention and with well thought-out strategies to resolve unemployment and eradicate poverty in the country. So, there have been policies and programmes but their implementation leave much to be desired. As at the end of 2016, unemployment rate was 13.9 percent and quantitatively implying almost 11.2 million Nigerians who want to work but cannot find one. To better appreciate the figure, in 2016, Ghana's unemployment rate was 5.2 percent, India had 5 percent unemployment rate, and China's unemployment rate was 4.04 percent. If it is population problem, India (1.2 billion; 2010) and China (1.3 billion; 2010) each has a population that is almost equivalent of the population of Africa. And yet the countries unemployment rates are by far lower than what obtains in the case of Nigeria. In addition, the National Bureau of Statistics indicates that 60.9 percent of Nigerians were living in absolute poverty. That is people living on less than \$1 a day.

To escape from scourge of unemployment and high level of poverty, about 27,000 African youths were reported to have died while trying to enter Europe through the sea in search for job. Going by statistics in Africa, not less than 25 to 30 percent of

numbers were found to be Nigerians. This is apart from those who are in prison in various countries like Libya, Egypt and other North African countries.

Mr. Vice Chancellor Sir, this is the situation of things about unemployment and poverty in a country that is richly endowed with human and natural resources of all sorts and known to have sold crude oil at between 80 and 100 US dollars per barrel in time past.

Based on the foregoing, Adebayo (1999a) indicates that our unemployment and poverty must be seen as an indicator of a far more complex problem. Economists have identified four basic traditional categories of unemployment- Seasonal, frictional, cyclical, and structural unemployment.

Mr. Vice Chancellors Sir, these four categories, however, do not adequately explain the unemployment problem in Nigeria. Our case has a number of facets that make it unique. It is unique in that it chronically affects much larger proportion of the labour force in variety of ways than open unemployment; and its causes are much more complex than what obtains in the developed countries. For instance, the unemployment rate also manifested with significant differences in its incidences across the states. It affects largely the youths, who hold different qualifications, showing that the problem entails tremendous cost for Nigeria. The wastage of manpower, the loss of financial and social resources invested in their preparation; and the high opportunity cost in terms of the forgone alternatives are some of the enormous price the nation is paying because of such a level of unemployment. More important is the social and psychological frustrations being experienced by the educated unemployed. These kinds of frustration in the labour market generate negative external effects resulting, in most cases, in some of them engaging in criminal activities, even as a form of reaction. Also important is the higher rate of unemployment in rural areas; this points to the foundation of higher incidence of poverty in the rural areas than the urban areas. This is a serious phenomenon in

terms of seasonal human resource wastage, bearing in mind that 59 per cent of the employed labour force in Nigeria are engaged in the rural areas.

According to Adebayo (1999a), attempt to explain the factors of Nigerian unemployment and poverty problem has pointed to population issues. On this, China's population of 1.3 billion is equivalent of 18.47 percent of the total world population and yet the unemployment rate is 4.04 percent. India with population of 1.2 billion has unemployment rate of 5.0 percent. Insight on issue of demographic dividend has also established that population can be a blessing rather than a curse if good policy implementation drives inclusive economic growth.

Also, rapid expansion of Nigeria's educational system and the explosive increase in turnout of educated labour into the economy has been implicated for unemployment problem. However, it should be noted that adequate investment in education is a plus as we could not have preferred not to educate the youthful population. After all, there was a time in the history of Nigeria when the output of graduates was inadequate to meet the human resource needs of the economy. It may be important to ask: that if the Nigerian economy had been well managed, policies well implemented to drive growth with adequate infrastructural facilities to support the private sector business' initiative, the story would have been different? On this, Pritchett (2000) observes that the waste of investment spending through corruption may itself be an important reason most poor countries are poor.

4.5 Governance, Corruption and the Labour Market

The imperfections in governance, occasioned by the wide spread and large scale corruption at the corporate and national level have undoubtedly remained a strong obstacle to proper functioning of the labour market, economic growth and sustainable development in many developing countries.

According to Todaro and Smith (2003), corruption is the abuse of public trust for private gain and it is a form of stealing. Globally,

corruption in public projects remains unacceptably high (Eigen, 2004). The diversion of investment funds away from the actual building of new capital is particularly severe in developing countries (Wiel, 2009). Close to US\$ 11.1 Trillion in proceed of corruption, crime and tax evasion are taken from developing countries every year and invested in Western Bank, Real Estate and luxury goods (Nahirny, 2016). Thus, corruption has been identified as a key factor keeping the poorest people in poverty, and a major 'tax' on enterprise growth (Kaufman, 2004). In a survey of leading emerging markets countries, Pope and Vogl (2000) found that public works and construction are widely perceived to be sectors most riddled by corruption. Thus, the contemporary challenge in the world, centre around how to improve public sector governance, especially, with respect to combating corruption and making labour market work for the poor people in terms of access to employment opportunities and distribution of income.

According to Leautier (2005) in western democracy system, check and balances built into government structures have formed the core of good governance. Besides, he argued that the system has helped to empower citizens for more than 200 years. He stated that the incentives for efficient performance that motivate public servants and policy makers are rooted in a well-established and accepted accountability framework. However, in developing countries and typically in Nigeria, Shah (2005) found that the public sector performance in service delivery has been weak. He observed that the politicians and the bureaucrats are typically found to have greater interest in rent-seeking activities and inappropriate allocation and uses of resources. To correct the trend in dismal performance of government in many less developed countries of the world, public expenditure accountability and how to measure government performance have emerged as a development priority for Africa (Dorotinsky and Floyd, 2004).

In the literature, the two overarching issues in accountability and performance measure revolve around, first, whether the public managers are doing the right things – delivering services consistent

with citizen preferences; and second, whether the public managers are doing it right- providing services of a given quality in the least-cost manner- that is efficiency test {See Shah, 2005; Huther and Shah, 2005; and Islam, 2005}. The Due process mechanism capture under the public procurement law falls within the framework of the issue of efficiency test. On this, the transparency international has worked with the government of Nigeria to devise ways of tackling corruption in public procurement. The efforts produced a number of specifications of terms for contract procurement which eventually led to the establishment of Bureau of Public Procurement (PUB) by the procurement act of 2007. Also, in some states where the European Union Support for Reforming Institutions Programmes (SRIP) was successfully implemented, State Bureau of Procurement have been midwived into existence. The effort is important because in the history of corruption in Nigeria, contract procurement has indisputably, been a key source of resource drainage through over-invoicing, inflation of contract costs and conscious packaging of projects designed for resource fraud into annual budgets at different levels of government.

Therefore, My Vice Chancellor Sir, Adebayo and Arawomo (2008) found that a lot of progress has been made in terms of formulation of clear rules, establishment of anti-corruption agencies and to create favourable environment for public service delivery. Specific steps that have been taken include:

- Establishment of Economic and Financial Crime Commission (EFCC), Independent Corrupt Practices Commission (ICPC),
- National Agency for Food, Drug Administration and Control (NAFDAC) and
- Budget Monitoring and Price Intelligent Unit (BMPIU) – Due Process, which translated to Bureau of Public Procurement in Nigeria.

Mr. Vice Chancellor Sir, despite the existence of these agencies since 2007, and the great noise around fight against corruption

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under the current administration, little progress has been made in control of corruption. Public investigations within the last two years (2015/2016) indicates the involvement of high profile public Officers in incredible large scale corruption in Nigeria. More worrisome is the alleged involvement of Judges and lawyers in the practice. Little wonder that from the international perspective, corruption perception index of 2015 indicates that Nigeria had 26 out of 100 score and ranked number 136 out of 165 nations listed. The corruption condition and the revelation from the public investigation indicate interferences in the functioning of the agencies by political leaders at the Federal and State levels in Nigeria. It is also important to note that fowl play is suspected in cases of some serving officers, to whom the agencies close their eyes when they have questions to answer. In essence, corrupt practices in procurement in Nigeria is so systemic that the country's story may remain the same if the anti-corruption agencies are not positioned appropriately in terms of structure and ability to deliver.

Adebayo and Arawomo (2008) contend that the anti-corruption agencies have important role to play in effective and efficient public service delivery in Nigeria. Also, they are very useful institutions to strengthen the fight against corruption. And they are internationally accepted as important mechanism to redress contract procurement abuse in Nigeria. Besides, the institutions enjoy strong political will from the current president (President Muhammadu Buhari). However, a major weakness is that they have operated hitherto in a way that they are subject to manipulation by the executive arm of government in their management and have been rendered ineffective by corrupt leaders in some cases.

It is recommended that, safeguards need to be put in place, to ensure that the anti-corruption agencies do not become another source of corruption. Appointment procedures need to address the issue of whether the proposed mechanism sufficiently insulates the process to ensure that persons of integrity and of the right expertise

are given the leadership and that they are protected from political pressures.

Another dimension of governance in the public sector is the issue of size. In the literature, there is no ideal size that could be prescribed for any country or state public service system (Galbraith, 1995 and Schiavo-Campo, 1996). However, important indicator on how economically sustainable the size of the public service is revolves around each country's macroeconomic realities. These include the amount of revenue available to pay the civil servants (i.e. the fiscal capacity of the economy) without compromising economic growth objectives. Thus the Wage Bill/Gross Domestic Product (GDP) ratio is one important macroeconomic signal that can guide on how affordable the size of the civil service is. In reference to states within a federation, the indicator of affordability would be Wage Bill/Revenue Ratio. On this indicator, Tanzi and Schuknecht (1996) have argued that the level of public spending does not need to be much higher than 30 per cent of GDP for a nation to achieve most of the important social and economic objectives that justify government intervention. In the context of service units such as hospitals and educational institutions, patient/health workers and pupil/teacher ratio would be helpful parameters to evaluate appropriateness of work force size (Lienert, 1998).

Adebayo and Asa (2001) contend that the combination of a big and fiscally unsustainable size of public service with the scale down role of government in current dispensation in the globe is inconsistent. Besides, it carries serious negative implications for economic growth because it impairs investment and provision of efficient infrastructural facilities and public goods in the economy. We argued further that beyond the removal of "ghost" workers from the civil service payroll is the inevitability of rightsizing.

However, the study noted that rightsizing should not be approached as an end in itself or merely as a reaction to fiscal problems. They note that Schiavo-Campo (1996) has pointed out

that rightsizing involved risks when not preceded by careful planning and proper analysis. Based on the foregoing, we recommend that to avoid the risks of abrupt downsizing, a comprehensive analysis of the staff strength in all arms of the State Civil Service should be conducted. This should be followed by the institution of a clear modality that is to inform the rightsizing process. Mr. Vice Chancellor Sir, permit me to state at this point that the presidential system of governance that we have adopted in Nigeria and the way we practice the system is too expensive for a developing nation like ours and will remain a great obstacle to economic progress unless it is reviewed.

Mr. Vice Chancellor sir, in the specific case of Nigeria and the states, Adebayo and Asa (2001) established that to address intractable problem of the economy, the federal and state governments have at some instances used public service employment as a means of reducing unemployment without regard for the diminishing returns dimension predicted by the law of variable proportion. The painful result is that even casual observation of the public service activities in Nigeria shows the existence of large numbers of workers who contribute little or nothing to output or welfare of the society. More worrisome is the systemic public service corruption. A system where no contract can be won except you tip those concerned; the supervisor of contract won't approve the completion of the job except you play ball; the clerks won't submit your file for payment unless you grease their palm; and the account department won't sign your payment voucher unless you settle. Law enforcement is weak because police is corrupt and issues are being raised against judges in the very act of corruption.

In Nigeria today, money is the driving force and it is being made to answer all things! People hardly look up to the public service in Nigeria for any meaningful service. In reality, Nigerian public service system, meant to promote the growth of private enterprises have actually operated on many instances to kill private businesses and destroy private initiatives through demand for bribe. In

essence, the public service as it is now requires a radical reform to align it with the change initiative of the current administration and the economic philosophy of the changing role of government.

4.6 Health Human Capital and Labour Market

The health status of a nation defines to a large extent its production possibility condition and living standard. As it is often stated, health is wealth. The truth in this maxim can be explained in the context of the health implication on labour market development. For instance, it can be argued that improve health facilitate labour market participation; enhances capability to produce; and promote labour productivity. Hence, just like education, investment in health has come to be recognized as a vital component of human capital accumulation. However, the transmission mechanism of health to wealth is not necessarily linear or without it challenges, especially in a developing nation like Nigeria. It is against this backdrop that we investigated the factors that determined health human capital accumulation in Nigeria (Adebayo and Oladeji, 2006).

Using the secondary data collected from the Federal Office of Statistics (FOS) and the Central Bank of Nigeria (CBN), our study made a presentation among others on the state of the countries health care system, quality of health services and health seeking behavior of Nigerians.

Our analysis of the size of Nigeria's healthcare system showed that the country had 13,964 hospitals of different type and sizes. The size in terms of bed spaces was 106,453 bed spaces. This implies that with the population of Nigeria the bed space ratio to the population will be 1 bed to more than 1,000 people. With respect to type of hospital, it appears that general hospitals had a wider coverage, accounting for about 53 percent of the existing total bed spaces. Considering the quality of health services offered, the study showed that Nigeria had 21,739 physicians as of 1990 when the population was not less than 100 million. Currently the number is around 35,000 to a population of over 150 million as against about 237, 000 required. A comparative analysis of the number of

physicians with the number of hospitals showed that less than two physicians exist per hospital on the average. The study observed that given the disproportionate distribution of physicians in favour of urban centers, local public hospital, which were close to 65 percent of all the population would not have had qualified physicians.

On the cost of healthcare services, the study's findings showed that user fee charges were in operation. These fees were introduced to recover cost in an attempt to supplement government expenditure on health. Developments over the years have brought the National Health Insurance Scheme and it is growing in acceptance. An analysis of government funding of healthcare services showed that health was classified with social and community services. It was observed that between 1990 and 2001 budgetary allocation fluctuated between 2.2 per cent and 12.2 per cent. In the case of the health sector component, expenditure allocation was found to be as low as 1.4 per cent and two per cent of the total capital and recurrent expenditure respectively. The study holds the view that government can substantially improve on the expenditures on health given the substantial allocation to other comparatively less important sectors.

Other important influences on health human capital that were analyzed in this study were health seeking behavior and environmental factors. The study associated high illiteracy level with the unhealthy lifestyle of people, which exposed them to health risks. This is further supported with the high poverty rate affecting the quality of health services that more than half of the population can afford. On physical environmental factors, it was observed that investment in environmental transformation was a health preserving preventive measure. However, the study argued that most urban centers in Nigeria are still shockingly dirty and lack coordinated and consistent environmental sanitation cultures and structures. Therefore, generally, emphasis in healthcare appears to emphasise more of curative than preventive measures.

The study contended that as the understanding of human capital importance was growing, the appreciation of the fundamentality of the health human capital component of the general human capital was crucial in Nigeria and all developing countries in general. This was because a large proportion of attainable productivity was being lost to workers' illness, invalidity and premature death in these economies. If the need to address health problems were to be realized and accepted, a comprehensive approach to transforming health human capital must take cognizance of the following:

- The need to improve the quantity and quality of health establishments, healthcare personnel, pharmaceuticals and, consequently, budgetary allocations for health-related expenditures. However, it must be recognized that how these inputs are planned, allocated, organized and managed can determine whether the services are cost effective and can make the difference between sustainable and unsustainable outcomes.
- More efficient use of public funds by allocating them from expensive and relatively cost-ineffective tertiary care to cost effective preventive and primary care services. Thus, more attention should be comparatively given to preventive care services.
- Healthcare system should devote greater attention to preventive and primary care. In this case the recovery of cost then becomes very important for sustainability. The adoption of a combination of the user's fee charges and National Health Insurance Scheme as measures of cost recovery is welcome.
- The need to improve health-seeking behavior and influence the lifestyle of people. In this respect, concerted effort is required in the area of providing more health information to the public and to healthcare providers in Nigeria. This hopefully would produce behavioural changes in the long run.

In another study, we observed that malaria was a serious public health challenge and major obstacle to social and economic

development in Africa and Nigeria in particular, Mabogunje, Soyibo, Odejide, Olayiwola, Adebayo and Osowole (2002). We reviewed and analyzed Nigeria's Malaria Control Policy and Guidelines to evaluate the effectiveness of the policies and guidelines. The review and content analysis of the policy, suggested that Nigeria had not fully applied herself to the standard prescribed by international policy documents on malaria control available to her. The study established that the country was weak in the area of providing the necessary supports, such as needed materials, institutional and human capacities, particularly during the implementation and allied phases. Also, monitoring, evaluation and control and the development of a management information system were weak.

Furthermore, we established that education and income were major determinants of people's Knowledge, Attitude and Practice (KAP) regarding malaria control and that there was a limited awareness among major stakeholders concerning the National Malaria Control Policy and Guidelines in Nigeria. And thus, the study recommended the following to ensure the effective design and implementation of the Malaria control policy in Nigeria:

- Increase activities towards proper education of all citizens on the activities of malaria control programmes.
- Educate the people about the dangers of drug resistant malaria and what can be done to put it under control.
- Provide the necessary human capital by training more health workers and specialists in malaria management.
- Encourage and enforce better sanitary practices through the re-introduction of the sanitary inspectors' scheme.

On sanitation inspection, Adebayo, Ogunfowokan and Olaogun (2008) observed that environmental health issues were critical in public health and disease prevention. Also, that the local and poor people were the most affected. This group can be difficult to reach and mobilize in environmental health without effective local environmental health system and officers. As a team, I led a research in which we analyzed the experience of environmental

health officers in Ondo State Nigeria. Our concern rest on why unhealthy environmental behaviours are still pervasively co-existing with the presence of environmental health officers in various local government areas in Ondo State.

The study established that the environmental health officers could not effectively perform in their local government areas due to a list of obstacles. The obstacles included: lack of conducive work environment, transport problem, lack of equipment, lack of operational fund, shortage of personnel, uncooperative attitude of the public, and insensitivity of ruling politicians to the importance of environmental health and lack of legal backing for effective enforcement of environmental laws.

Thus, the dream of meeting the sustainable development goals in Nigeria with respect to health may be unrealizable, if the obstacles identified are not confronted at the local level. As regards recommendations, the administrative obstacles identified are connected with wrong perception of local government authority on how critical environmental issues are in health. Thus, sensitization workshop on the primacy of environmental health in achieving better health and longevity for the communities would be useful Local Government Chairmen and councilors at their inception office.

4.7 Summary

Mr. Vice Chancellor Sir, in the course of this inaugural lecture, I have attempted to navigate the labyrinth of the contemporary Nigerian labour market and addressed a number of issues, namely: human capital development, workers' pay, productivity, labour relation, public service challenges, health human capital and the labour market.

Specifically, I have shown that:

1. Absorption of workers in the labour market is dictated by economic needs which are in turn determined by the economic condition of production of goods and services.
2. The ensuing pressure of social demand for higher education couple with its political economy could make the sharp cut

in enrolment (and thus graduate output) to align with the declining need for labour in the economy infeasible.

3. A fundamental labour market reform, such that the labour market is made to function according to neoclassical theory does not appear feasible in Nigeria. The alternative is to call for some deliberate government intervention.
4. The government, private employers and trade unions play critical roles in the wage determination. It is noted that in practice, the fixing of minimum wage has always been subject to either the whims and caprices of government or the power of the unions or both. This situation tends to push wage outcome out of economic realities, prompting in collective bargaining bad faith and in consequence industrial disharmony.
5. The pervasive use of strike by unions in Nigeria, especially in the public sector, has been precipitated by systemic corruption in governance, improper coordination of collective bargaining by government agents and abuse of union power by workers.
6. The fiscal operations in Nigeria is to a large extent monopolized by federal government. This has contributed in no small measure to inability of states and local government to perform their economic and social responsibilities effectively. Thus, the states and local governments' fiscal autonomy have been eroded.
7. Unemployment in Nigeria is unique and complicated. It chronically affects much larger proportion of the labour force in variety of ways than open unemployment; and its causes are much more complex than what obtains in the developed countries
8. There is so much interference in the functioning of the anti-corruption agencies from the political leaders in Nigeria while corrupt practices in procurement are systemic.

Within the philosophy of change initiative, we could all resolve to build a modern Nigeria that can maximize the potentials of every citizen to become the largest and strongest African economy and a force to be reckoned with in the world. However, to achieve this,

we need an economy anchored on the private sector, to engineer wealth creation, employment generation and poverty reduction. Within such framework, the government role will be to facilitate, and regulate, while the private sector engages in execution, direct investment and management of all production initiative and businesses.

We must all note that the relationship between productivity and living standards has profound implication for public policy. When thinking of influencing standard of living, the key question is not wage, but it is how policy will affect our ability to produce goods and services. That is to boost living standards, policy maker need to raise productivity by ensuring that workers are well educated, have the tools needed to produce goods and services, and have access to the best available technology. We must resolve to pursue productivity at all cost if our economy is to ever be relevant among nations that matter in the world. May I add that our deplorable foreign exchange rate is actually an index of productivity relevance in the global community.

As regards unemployment, there is the need for comprehensive, integrated and coherent employment policies and programmes packaged to capture the many dimensions of unemployment in the Nigerian labour market. Thus, sufficient condition requires the design of an integrated employment programme, characterized by: a policy component; a mechanism for operationalizing, monitoring, and coordinating the programme; an integrated and interconnected set of employment-promoting project proposals. Also, it is noteworthy that special activities are needed for the employment of women and youths to enhance growth and development rate in Nigeria.

Recommendation

The foregoing challenges in the labour market notwithstanding, the following proposal are put forward for action with a view to resolving labour issues in the country:

1. The country need to re-visit the revenue generation, collections and allocation with the aim of designing a

structure that would enable each tier of government to cope with its responsibilities; This will require the federal government to devolve some of its fiscal power to the state government to facilitate fiscal autonomy;

- ii. In the spirit of industrial democracy and collective bargaining, wage determination and adjustment should always be resolved in good faith, giving respect to the rights of the parties in negotiation and commitment to agreements;
- iii. A more scientific mechanism should be developed to incorporate in the determination of minimum wage the effect of inflationary pressure, the necessity for productivity and tackling of poverty incidence.
- iv. For peace, progress and productivity in the country's industrial relation system, good governance and responsible unionism should be pursued by stakeholders in the labour market; and
- v. Collective bargaining should be made more functional in a manner as to entrench not just ability to pay principle but also, emphasise ability to produce, thereby giving expression to divine injunction that *the labourer is worthy of his wages*.
- vi. Create an enabling economic environment for manufacturing firms and Small and Medium Scale Enterprises (SMEs) in order to increase employment opportunities. This could be done through the provision of improved infrastructure and introduction of incentives to encourage the expansion of manufacturing activities in Nigeria.

5.0 Concluding Remarks

Mr. Vice Chancellor Sir, from my presentation so far, it is apparent that a more concerted effort is needed for labour market development in Nigeria. As I have argued, the country's labour market has remained bedeviled with structural and institutional rigidities, rendering it altogether inflexible to permit straightforward neoclassical prescription in matters relating to

wage determination, employment/unemployment issues, economic growth and poverty. It is therefore needful at this country's stage of development for a deliberate government intervention with a view to making the labour market functional and effective for national development.

Sir, I need to admit that this is rather a broad proposal that need to be operationalised, detailing concrete actions that need to be taken. Suffice it to say at this juncture that the issue of appropriateness or the nature of government intervention matters a lot. The government has the option either to intervene in the labour market to strengthen the working of the market system or to supplant it altogether. The latter option may be practically infeasible. The developments in contemporary times, especially the drive towards economic liberalization would tend to suggest the development of a more competitive and integrated labour market system for the country.

In its fundamental context, this is a call for labour market reform which to me could be seen as a strategic response to the myriad of labour market problem confronting the nation, notably, wage fixing, unemployment, industrial disharmony and lack of productivity. To operationalize the proposed labour market reforms, a robust labour market policy should be developed with a clear cut objectives, strategies and measures. These should be complemented with relevant institutional framework for monitoring, enforcement and implementation.

6.0 Postgraduate Supervision

Mr. Vice Chancellor Sir, within the period of my service to this great University, I have help to build the capacity of students at undergraduate and postgraduate levels. I have supervised many students at the postgraduate level and by the grace of God 5 of them have been awarded Ph.D. Among these are: Dr Philip Olofin of the Department of Economics, Dr. (Mrs.) Bosede Akanbi and Dr (Mrs) Kehinde Olabiyi who are currently lecturers in Osun State University, Osogbo, Dr (Mrs) Bunmi Adejumo of the

Institute of Entrepreneurship and Dr (Mrs) Bunmi Bajomo, an Executive Director , Coronation Merchant Bank, Lagos.

The application of economics tools to development issues is gaining ground globally. The relevance of the subject is becoming notable in development fields such as environment, energy and health. By divine arrangement, I gained exposure to health economics research during my sabbatical leave assignment at the Development Policy Centre, Ibadan in 1998. From that point, my research and teaching interest grew in the field and was further developed through the mentoring efforts of Prof Akin Mabogunje and Prof Adedoyin Soyibo at the Development Policy Centre, Ibadan.

This exposure later connected me with a number of colleagues in the College of Health Sciences of this great university on multidisciplinary research and teaching assignments that produced a number of international publications on health issues. Also, the academic relationship positioned me to contribute in teaching of Economics of Health Care in the M. Sc. Public Health class and supervision of postgraduate students at the Department of Community Health. In addition, I contribute in teaching of Health Planning and Health Financing in the Ph. D. Nursing Science class.

7.0 Other Contributions

7.1 Consultancy Services

On the European Union Support to Reforming Institution Programme (EU-SRIP) in association with the Federal Government of Nigeria, I was a lead consultant on the review of Due Process Unit before its translation to Osun State Bureau of Public Procurement. Also, in 2009, I participated as a Consultant in the training titled: Understanding of Public Procurement Procedures for Due Process Officials under the EU-SRIP Phase II.

7.2 Community Services

On community development services, in the last eight years, I have on the platform of Christ Dominion Team International (CDT) designed and implemented the following programmes in attempt contribute my quota to practical development of human capital in Nigeria:

i. Wisdom for Fresh Students

In 2009 I observed that tertiary institutions in Nigeria were plagued with a lot of challenges that can distract and disorient innocent students. These challenges range from cultists trap, rape, immoral activities, robbery, and drug addiction to yahoo practices etc. I found in the trend of events in the system that many well brought up and intelligent students have suffered distractions leading to extra years on study, total rustication from the university for poor academic performance and termination of studentship due to practice of strange vices in the system.

As an intervention, Wisdom for Fresh Student was designed as a workshop to sensitize and empower the fresh students to be able to manage their lives in a way that they can achieve excellence in all areas of their lives within their university education.

ii. Fresh Graduates What Next?

In attempt to bridge the gap between the world of learning and work, I designed and run with other colleagues a workshop :tagged: Fresh Graduate What Next, for fresh graduates in Obafemi Awolowo University since 2009. The workshop provides annually, a platform to: sensitize the Fresh Graduates to their uniqueness; enlighten them on existing economic opportunities; sensitize on appropriate use of mandatory service year; and expose them to issues of entrepreneurship. To position them strategically for the global market, resources persons from KPMG were

involved in teachings on: leadership, handling recruitment hurdle and entrepreneurship opportunities.

7.3 Acknowledgement

Mr. Vice- Chancellor Sir, permit me to acknowledge the effort of people who made uncontestable impact on my upbringing in academics. I was the first postgraduate student to be supervised by Prof S. I. Oladeji at both master and doctorate levels in this university. I must simply confess that up to the level of this inaugural lecture, he remained a worthy supervisor who impacted every aspect of my academic life.

I was privileged to be one of Professor J. A. Fabayo students in the Advanced Microeconomic class at postgraduate level and I must confess that his teaching investment in that class formed the foundation of my relevance in economics today. Prof I. O. Olurinola mentored me to take up academic career and for this I am eternally grateful.

At family level, my story is most likely to be another inaugural lecture if I venture into details. However, I simply want to appreciate all my siblings and cousins in the Adebayo family; the Taiwos and Ajayis families for being great pillars of support.

Last but not the least is my wife and children. With a grateful heart, I acknowledge the Lord, the only wise God who gave me Mrs. Oluyemisi Adebayo, a ministering Angel at home and in ministry to be my wife. And for the blessings of Mr. Ayobami Adebayo and Miss Oluwafisayo Adebayo, I am grateful to the Lord. I thank you for Listening.

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