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GLOBALISATION AND PRIVATISATION: IMPLICATIONS FOR LABOUR PRACTISES AND TRADE UNIONISM IN NIGERIA.

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ABSRACT

We examined globalisation and privatisation and their implications for labour practises and trade unionism in Nigeria. We posited that there is no consensus on the meaning of globalisation. Various perspectives view it as internalisation, liberalisation, universalization and westernization. The paper described globalisation from the specific historical context of Nigeria as privatisation. The paper explains the position of the proponents as well as the antagonists of privatisation. Further, the paper analysed the likely relationships and linkage between globalisation and privatization. Thus, corroborating the fact that globalisation dictates privatisation. The paper explained that these phenomena and processes were converting the world into a global village in the areas of labour practises and policies, such as 'down-sizing', right-sizing leading to staff reduction in many cases, recruitment drawn on world-wide labour market and changes in indigenisation schemes. The paper explained the implications of the above phenomena on labour practices and trade unionism by dwelling on movement of labour, job security, dwindling wages, long working hours, undermines of democracy, etc. However, it stated that the implications are potentially far-reaching and stressed the need for organised labour to wake up to its historic responsibilities to avoid being marginalised in the new world order.

1.0 INTRODUCTION

Industrial Relations and Trade Unions must be prepared to deal with the effects of the changing world of work. For them, this means understanding the implications of globalisation and privatisation. The term "globalisation" is highly controversial and contested. There is no consensus on its meaning. There is controversy and confusion not only in terms of definition, but also on whether or not it is a reality or myth, in terms of the nature, character, depth, history, components, measurement and significance (Aborishade, 2002:1). The basis for the varying explanations can be understood when we appreciate that each definition tends to

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focus on only a significant feature of the phenomenon. No one definition can however be discussed as worthless. What should be appreciated is that, whether an individual is conscious of it or not, each definition is informed by a given paradigm, a given historical context, certain normative perspectives, defined ideals and specific political interests.

However, the challenge is to have a sense of direction by developing an explicit definition – one that explains how everything fits, which gives focus and internal coherence to an argument and the policies that flow from it. That is, our task is to present an analytical framework that will make the "mass of claims and counter-claims fit into a coherent story" (Scholter, 2000:41). Aborisade (2002:1) is of the view that, if such analytical framework is to withstand the test of time, then it should be capable of providing a thread that will link and explain all the various schools of globalisation rather than emphasising only a perspective.

The attainment of such a goal is predicated upon the ability to identify the essence, the distinctive feature or the driving force of globalisation.

Globalization and Privatisation: A Conceptualization

Scholter (Op.cit.:15) categorised definitions of globalisation in the literature into five broad classifications, which are in some ways related and to some extent overlapping. The various perspectives are briefly examined presently. From the perspective of Globalisation as Internalisation, globalisation lies in enlarged and growing flows or movements of trade, capital investment, people, message, information and ideas between countries. In other words, globalisation represents a growth of international exchange and interdependence (Hirst and Thompson, 1996: 48). Globalisation as liberalization has to do with the process of removing or reducing government imposed regulatory controls and restrictions on movements of goods, services, capital and people between countries in order to facilitate international economic integration (Sander, 1996:27). Thus, evidence of globalisation is to be found in measures being taken to reduce or abolish regulatory trade barriers, foreign exchange restrictions, capital controls and even immigration requirements. Globalisation as universalization means the process of the world-wide spread of culture, ideas, objects and experiences (Reiser and Davies, 1944). For instance, there could be "globalisation" of decolonization, of privatisation policy, and of computerization. Globalisation as deterritorialization sees globalisation as a social process or set of processes in which the constraint of geography on social and cultural arrangements recede in which people become increasingly aware that they are receding (Waters, 1995:3). Globalisation as Westernization is essentially seen as Eurocentricism. The proponents of this idea classify globalisation the same category with "colonization" and "modernization", which were presented as forces operating beyond human control that were transforming the world. Following this perspective, globalisation is viewed as a dynamic that is bound up with the pattern of European capitalist development.

Khor(1995) declared that "globalisation is what we in the Third World have for several centuries called colonization".

Globalisation it should be noted is an integral part of human history. In its most generic and broadest sense, it is part of the movement of history. All through the history , there are forces that push for greater integration of human activities. Emphasis today is, however, more focused on the economic aspect of the process.

Globalisation in this context, is a process of increased consolidation of national economics with the rest of the world to create a more integrative global economy. In this sense, globalisation is a process that promotes the integration of a whole system of interrelationships across sovereign states. At the core of this process is technological advancement in communication, the immediate and concrete impact of which has been the creation of a global society with the global market place at its core. Countries operating in separate, sovereign, autonomous environments take decisions, which have bearing on others, and are themselves influenced by decisions taken by others. (Kwanishie, 1994:18). The fact that the process aims at increasing inter-border relationships not automatically mean an elimination of the existence of nation – states. This is because globalisation is a process of expanding economic Cupertino among states that does not necessarily imply future breakdown of borders. Though internal laws of nations would remain but the behaviour of peoples are increasingly being influenced across borders by the information they now freely get from the new information order.

In the specific historical context of Nigeria, globalisation is privatisation. What then is privatisation? What linkage does it have with globalisation? Does this have any implication for labour practices in Nigeria? These questions among others shall be addressed subsequently in this paper. Privatisation has been defined as the transfer of government owned shareholding in designated enterprises to the private shareholders, comprising individuals and corporate bodies (Commercialization and Privatisation Decree of FRN, 1988). It involves redefining the role of the state by disengaging the state from those economic activities which are best done by the private sector, with the overall objective of economic efficiency. Privatisation is a procedure of selling a public enterprise to private individuals to own, control and manage to their own advantage. The objective therefore is to reduce the financial exposure of government in these enterprises and hence reduce the burden on the Federal expenses. Privatisation can either be full or partial. While full, privatisation means divestment by the federal government of all its financial commitment in the designated enterprises, partial privatisation on the other hand means divestment by the federal government of part in the designated enterprises.

The first formal privatisation programme of the Federal Government commenced in 1998 under the Technical Committee on Privatisation and Commercialisation (TCPC) Decree No 25 of July 1988. The TCPC commenced its operation in 1988 with Alhaji Haman Zayyad as its Chairman. In all, a total of 117 Federal Government owned parastatals were slated either for privatisation or commercialisation, a similar exercise took place at the state level. In consonance with Decree 25, the shares of enterprises marked out for privatisation were offered for sale by public offers through the Nigerian Stock Exchange (NES). The first public issue of shares in the privatisation exercise, was that of Flour Mills of Nigeria Limited, which took place on 30th January, 1989 at the cost of 50k per shares. The sale lasted for 3 weeks.[1] By 1993, the privatisation and commercialisation programme had recorded the sale of 1.5 billions shares, the Federal Government relinquished 280 Board seats, 800,000 new shareholders were created and the Nigerian Stock Exchange was energised, broadened and deepened.[2] The Public Enterprises (Privatisation and Commercialisation) Decree No. 28 of 1999. This Decree re-organised the institutional framework of the programme with the establishment of the National Council on Privatisation (NCP) and the Bureau of Public Enterprises (BPE) as the implementation organs of the privatisation and commercialization programme.[3] Thus, the BPE replaced the Technical Committee on Privatisation and Commercialisation (TCPC).

The proponents of privatisation have argued that public enterprises or corporations have failed abysmally in fulfilling the objectives for which they were set-up, that is, the efficient and effective provision of goods and services to the people. Thus, since the private sector is taunted as being more efficient than the public sector because it relies on price mechanism to allocate resources i.e. who gets what, when and how, it should be given the tasks and roles of public enterprises. Hemming and Mansoor contended that privatisation is a ***means of responding directly to productive inefficiency in public sector that is, as a means of improving the efficiency of enterprises … By making management responsible to shareholders and imposing the financial discipline of the capital market***.

This therefore implies that privatisation in the country is believed to posses the magic wand to resuscitate and reactivate the capital market which is currently being deepened and strengthened with inflows of capital from the buying and selling of shares. This is because it avails individuals, groups and organisations the opportunity to own shares in enterprise that were hitherto exclusive preserve of government.

Criticisms have come from the workers' organisations most especially the Nigerian Labour Congress. NLC posits that government has a fiduciary responsibilities to its citizenry which is that of human freedom and material well being through the provision of goods and services at minimal rates. Essential goods and services such as national defence, electricity, water and transportation are goods and services that ensure and promote the well being and welfare of generality of Nigerians. Hence, to privatise state-owned enterprises or public utilities that provide these services will tantamount to government abdicating its responsibility. As summed up by NLC:

> *The Government owned companies and parastatals in Nigeria characterised by abysmal negligence, inefficiency and corruption, is not enough reason to justify government withdrawal from them. In fact, the rest of government business in Nigeria is similarly plagued. We can as well hand-over the entire government of Nigeria to be run by the private Sector*[4]

The NLC therefore called for a re-organisation of public enterprises with the government retaining her ownership of public enterprises.

Globalization and Privatisation: Is there any Relationship?

In Nigeria, particularly from the specific historical of context colonialism, globalisation is globalisation as privatisation (Aborishade, 2002). In the last 17 to 23 years, an element is indisputable nationally and internally because there has been a major shift in the role assigned to government in the area of economic management which was borne out of globalisation. It can hardly be denied that there has been an unprecedented fundamental restructuring of the ownership structure in the Nigerian public sector, particularly since the formal adoption of the Structural Adjustment Programme (SAP) in 1986. This however means that the most fundamental and historic way in which the reality of globalisation has impacted on Nigeria is in the area of change in ownership structure of public enterprises. This stems out of the fact that the policy of privatisation of public enterprises facilitates the movement of capital and technology in a "borderless world". Little wonder Olashore (2001: 33) succinctly argues that "globalisation dictates privatisation" as against indigenisation that was dominant in Nigeria in the 1970s, privatisation invariably opens up the national economy for private investors in a global scale. Thus leading to the fact that privatisation makes the private sector to become the engine of economic growth. It should however be noted that globalisation is not possible without privatisation (Odumodu :2001 :16). Who argued that Nigeria's economic players could not effectively face the challenges of globalisation without full privatisation. Privatisation to him, provides an enabling environment for keen competition, which globalisation engenders.

The official thinking of the BPE is that privatisation is the bridge through which the dividends of globalisation can be enjoyed. The Director General of Nigeria's BPE avers:

> *Privatisation is inevitable state capitalism has failed, and is outdated and unsustainable. Globalisation is at our doorstep –unless we act quickly and decisively, we will surely be left*

behind even more than where we are now (Nasir Ahmad el-Rufai, 2001:19)

This corroborates the fact that privatisation is an element of globalisation. Given the centrality of privatisation to globalisation, It is believed that privatisation is one of the indices of globalisation whose combination and scope are considered new and are changing the way in which the world economy functions. The idea of privatisation no doubt has become universalised like a global product. Public companies all over the world are being privatised on a grand scale. As at 1997,at least 143 countries and territories had adopted special laws to encourage foreign investment, and most countries have adapted their economies, in some way or another, to attract foreign investors(Aborisade,2002:25).

IMPLICATIONS FOR INDUSTRIAL RELATIONS AND TRADE UNIONISM

Enhancement in the Movement of Labour

As the world becomes more interconnected, movements of people across national borders have increased – though they remain small- contributing to ease labour bottlenecks and transfer managerial know-how. The largest flows are between developing countries, but flows from developing to industrialised countries have accelerated over the past two decades .In the future, one can expect pressures for increased migration from developing countries, whereas developed countries will lower their demand for immigrant labour (Nzekwu,1999:34).Globalisation has meant that countries are becoming polarised into high-and-low-income clusters .Economic migration is not only considered desirable, but also objectively inevitable for many. The centres of industrial countries have a high demand for migrants because their objective conditions consign them to do low- paid, menial and insecure work. Employers are therefore eager to hire undocumented immigrants since they are cheap, un-unionised and easy to fire. Privatisation of public enterprises in Nigeria tends to expand economic activities for foreign capitalist investors who have the 'foreign-currency' while delimiting the scope for economic activities of the broader Nigerian society who are now compelled to migrate abroad in search of menial jobs for bare survival. Privatisation may thus attract foreign investors into Nigeria while sending Nigerians, including her best brains, into(economic) self-exile (Aborisade,2002:27).With the openness of globalisation, technologies, physical capital and human resources of the industrialised countries, but that these factors have a way of forcing themselves or being imposed on developing countries like Nigeria. For instance, Nigeria invests heavily in the development of its human resources. This increasing stock of human capital must be engaged productively and be remunerated adequately. Failure to do this would induce trained personnel (trained at great expense to the country) drain to other countries where their skills could be more efficiently applied and adequately remunerated. The Nigerian industrial relations and human resources practitioner as well as trade unionists must be alive to these realities.

Job Insecurity (Employment and Working Conditions)

The wind of the implementation of privatisation policy blowing in the age of globalisation intensifies the fear that it is possible for the private owners to shut down in a particular country and shift production to countries with lower wages or countries where labour has been relatively subdued. The shut down may also take place if the private owner finds that it is more profitable to import rather than produce locally. Mere threats of closure with a view to relocating may also be used to keep working conditions under permanent pressure while still making enormous profits(Arjen Van Wittellottiju,1999).However, there has been an increasing internationalisation at the micro-level. Individual companies are no longer dependent on one country in the choice of where to source labour and the choice of operational and market locations. The implications of this for labour practices in Nigeria is that whereas in the past, unions could insist on companies complying with national regulations on the number of 'expatriates' that could be maintained, today, there is no such limit. Thus, a relatively new phenomenal as far as job insecurity is concerned is that not only unskilled jobs are eliminated, but also middle-level management, skilled and better-paying jobs. This reality makes Chief Executives of some parastatals listed for privatisation to oppose the programme. But President Obasanjo vows that no individual or group of people can stop the process (National Concord, 11th October ,2000: 13)regardless of the negative effects .

The immediate impact of privatisation is job losses. What is not always evident is whether the longer –term benefits of privatisation in the form of more efficient firms and a more competitive economy create more employment than was initially lost through privatisation .Some declining sectors have ,however ,experienced irrevocable job losses .(Labour Fact Sheet ,2002:26).In contrast, where restructuring brings about significant efficiency improvements and new technology, the result is often the development of new niche industries able to absorb job losses in other areas .

In the short –term, privatisation will inevitably result in job losses .The terms on which such jobs are lose and the support provided to retrenched workers (in the form of severance packages ,pension entitlements and retrained) are therefore the terrain within which organised labour must engage with the FGH. It is critical that negotiations around these issues proceed before the privatisation process is concluded .This is because organised labour's power to disrupt or block the privatisation process is a formidable threat to the process at this state and hence maximises the concessions it can extract from government. Once the privatisation transaction is concluded, labour is in relatively weak and vulnerable positions and negotiations are likely to take place on terms of the private investors.

Impact on Wages

Beyond the employment impact of globalisation and privatisation, international experience is mixed with respect to the impact on wages and working conditions.

Schwab and Smadja (1994:41) have drawn our attention to a new phenomenon in the nature of cost cutting under globalisation and by stressing that today, high technology, high labour productivity ,high quality, etc are combined with low wages. In Nigeria, privatisation is being implemented with devaluation of currency, which further undermines the value of wages and salaries (Aborisade,2002:28).Globalisation is a neo-liberal agenda, which inflicts unprecedented attack on workers' rights, particularly in terms of intensified exploitation and reduction of the social wage. The extent to which labour rights are protected in the context of privatisation depends on the legislation in place to protect labour before privatisation commences and the strength of organised labour. In addition, the obligations place on the private investor by the government which is divesting of public enterprises will determine whether working conditions deteriorate or not. Unskilled and vulnerable workers working conditions rarely improve as a consequence of privatisation, although skilled workers often benefit from higher wages (Labour factsheet, 2002:27). Government in developing countries frequently attempt to introduce labour market flexibility through the process of privatisation. This is because labour market rigidities are often perceived as an obstacle to economic growth. When labour market flexibility is introduced, the objectives is to make it easier for employers to hire and fire workers and to reduce wages so that they reflect demand and supply conditions in labour markets within the domestic economy. The consequence is the erosion of the rights of workers, particularly where collective bargaining is concerned, and a reduction in wages to certain categories of skills.

Long Working Hours

In Nigeria under privatisation fewer highly skilled people are at work doing long hours but with low pay. While the rest of the society is out of work and without access to any form of social security. Yet were production based on needs rather than profit consideration of the few private owners buying up public enterprises, full employment as a goal can be attained based on drastic reduction on working hours and the advances in technological innovation. Lakemfa (2002:6) expresses concern that the average Nigerian bank employee now works twelve straight hours. Some work for as many as fifteen hours daily including Saturday. The result is that many bank workers are becoming hypertensive and some are simply slumping and dying.

Democratic Ideals Undermined

Emerging international and regional treaties often restrict people's ability to exercise political control over their own economic and political lives. The globalised order strengthens IMF, World Bank and WHO (Gill, 1992:168) at the expense of the countries whose governments are often banned from promoting public goods or regulating the private sector effectively. Aborisade (2001) posited that in Nigeria the process of globalisation and privatisation has been accompanied with the denial of the right of workers to form unions. Globalisation is not compatible with trade unionism. Sale agreements empowered new buyers of privatised companies to disregard trade unions and existing collective agreements. Unilateral determination of terms and conditions of workers opposed to collective bargaining, was gradually becoming a key feature of the industrial relations system in many of the privatised enterprises. Trade union leaders and activists faced the risks of being sacked. Out of nine (9) enterprises studied on the state of freedom of association after privatisation, trade unionism had been suppressed in seven (7). In two out of the nine enterprises, check-off dues were being deducted from workers salaries and paid to the union's head office. Nevertheless, election of trade union executive committees and trade union activities were disallowed (Aborisade, 2002:31). Where workers are free to form unions only at the whimsical direction of management or government, such "freedom" becomes an "unreciprocated gift" that make the person who has accepted it to be inferior. Such paternalistic benevolence or charity is "wounding for him who has accepted" (Mauss, 1990:65).

Other implications for labour practices is increasing income inequality because capital often gained at the expense of labour. Globalisation has brought about unprecedented concentration of wealth in fewer and fewer hands. Also globalisation deepens gender inequality because it worsens the position of women. Again, globalisation is likely to increase the global incidence of occupational disease and injury. The threats of cuts in jobs, which usually accompany privatisation, the likelihood is for workers in the privatised economy to close their eyes to occupational hazards for fear of being sacked. Moreover, the poor shape of the economy, if made much worse by official mismanagement or lack of effective management, shall continue to take its toll in terms of continuing loss of union membership through layoffs, redundancies, "rationalisation; declining turnovers and profits of firms, reluctance on the part of increasing number of employers to re-negotiate new agreements, declining membership dues, and inability of several unions to meet their financial and other obligations (Otobo, 1998). In majority of cases where de-unionisation had followed sale of public enterprises, workers put up strong resistance by way of strikes and/or street protests, the case of NITEL workers is a good instance. This shows that it organised, and given a committed and visionary leadership, the working people will fight to protect their interests in the striving to reshape and change the world (Aborisade, 2002:33).

Concluding Remarks

In this era of globalisation and privatisation, the civil society has to be strengthened and empowered to counteract forces that constitute stumbling blocks to democracy and sustainable development. Trade unions, as part of the civil society, which is well organised and structured, have to wake up to their historic responsibilities, otherwise, they will be marginalised.

Globalisation no doubt has thrown up new actors unto the world stage, whose power and influence have superseded those of governments, whether in developed or developing countries. They have become the "new super powers" that can hardly be controlled by governments. They wield considerable influence on governments, and international financial institutions such as International Monetary Fund (IMF) and the World Bank, and also the newly established, World Trade Organisation (WTO). The new actors are none other than the Multinational Corporations. They are the "new superpowers" that workers and trade unions all over the world have to contend with, bargain with, and at times dispute with. Hence, they are part of the challenge of the 21st century for workers and trade unions throughout the world.

FOOTNOTES

1. See, Technical Committee on Privatisation and Commercialization. Annual Report and Audited Account, 1988/98 P.13
2. *Daily Times* (Lagos), April 26, 2000. P.22
3. See, M.I Obadan, 2000, "Privatisation of Public Enterprises in Nigeria". Issues and Conditions for Economics Management and Administration.
4. Nigerian Labour Congress, 1986 "Nigeria Not For Sale", NLC response to Government Decision on Privatisation (Monograph).

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