International Journal of Social Sciences and Humanities
ISSN: 2360-9877. Volume 11, Issue 1, (June, 2024) pages 164 – 171
DOI: 27265774111101122
arcnjournals@gmail.com
https://arcnjournals.org

Income Inequity in Nigeria Civil Service: A Conceptual Discourse

Mercy Ughuere Dienye PhD.
Department of Employee Relations and Human Resources Management, Faculty of Administration and Management, Rivers, State University, Nkpolu-Oroworukwo, PMB 5080, Port Harcourt, Nigeria

Abstract: *The paper is a conceptual discourse focused on the dynamics responsible for the inequity in income among federal, state and local government parastatals in Nigeria. As the backbone of governments, civil servants are essential elements in governments' drive for service effectiveness, as without them public administration system in Nigeria will be ineffective and inefficient. The paper sought to understand the plausibility of this assumption by examining income inequity and the civil service. Subsequently, the paper particularly examined the factors responsible for the discrepancies in remuneration and how they dictate the work behaviour of the civil servant. From reviewed literature, the paper found that, these factors are prevalent and influence the work behavior of most civil servants. It concluded that despite the factors that may be at play, the civil service is still redeemable. It thus recommended that for a repositioned, motivated, productive, efficient, citizen-centered and corruption- resistant civil service to be possible, all arms of government must bridge the gap and prioritize the implementation of an equitable salary structure so as to enable workers effectively support government in achieving its developmental agenda.*

Keywords: *Income, Inequity, Federal, State, Local, Civil service, Parastatal, Nigeria.*

Introduction

Income inequality refers to the disparity in earnings or take-home pay among employees of parastatals, whether distributed quarterly, monthly, or otherwise, for services rendered. It describes a situation where individuals receive different amounts of money at the end of a job, despite having invested the same time, held the same positions, and possessed the same qualifications. Numerous studies (Sakai, 2019; Ogbeide and Agu, 2015; Adegoke, 2013; Bakare, 2011) agree that this inequitable distribution of payment leads to demotivation, inefficiency, and potential conflict. The issue is significant and widely debated as it is prevalent in various workplaces worldwide, including the Nigerian civil service at the federal, state, and local government levels. Notably, as the nation's largest employer, the government directly or indirectly employs a diverse workforce across over 650 ministries, departments, and agencies (The Punch Newspapers, 2023).

The term "civil service" commonly refers to the government or public sector responsible for administration, policy execution, and law enforcement as endorsed by political leaders, lawmakers, and judges. Civil servants, or public servants, are government employees tasked with implementing policies, laws, and judgments to ensure smooth administration and good governance (Sanmi, 2024). This term broadly includes government bureaucrats, the military, and paramilitary agencies. The civil service is an essential component of a country's constitution and governance system, playing a crucial role in supporting strategy development and implementation (Lisa, Meg, and Alan, 2023; Oluwaseyi, 2023). According to Smalyskys and Yubalovic (2017), it encompasses government workers involved in public administration. Similarly, Patrick (2023) describes the civil service as the engine room of government and public service, critical for managing governmental developments. The primary duty of the Nigerian civil service is administrative and executive, involving policy formulation and implementation (Edeh, 2020).

The buzz in the Nigeria civil service in most recent times has been income inequity as it is one of the greatest challenges facing the institution today. Attracting and retaining talented workers in any workplace, is crucial for effectiveness and an attractive remuneration package plays a crucial role; as the workplace becomes more attractive to skilled professionals, ensuring that the population benefits from their expertise and experience. This, in turn, contributes to the overall development and progress of the country (Manafi, Gheshmi and Hojabri, 2012). This is in line with the assertion of Awotunde and Ojo, (2022), who researched the relationship between remuneration and service delivery in the Nigeria civil service. They examined the impact of remuneration on service delivery in some states in Nigeria. The outcome was that remuneration has a significant effect on service indicating the importance of adequate remuneration for employees to perform effectively in the civil service

Additionally, research indicates that despite their complexity, employees are among the most critical and strategic assets of any organization (Olowu, 2022; Sonja, 2015). Zaharie and Osoian (2013) similarly argue that employees provide a competitive edge, necessitating careful consideration regarding their remuneration, attention, utilization, and investment. Studies have also shown that offering employees appropriate incentives leads to positive outcomes such as satisfaction, dedication, and retention, which in turn enhance organizational performance (Schmarzo and Smeyers, 2014).

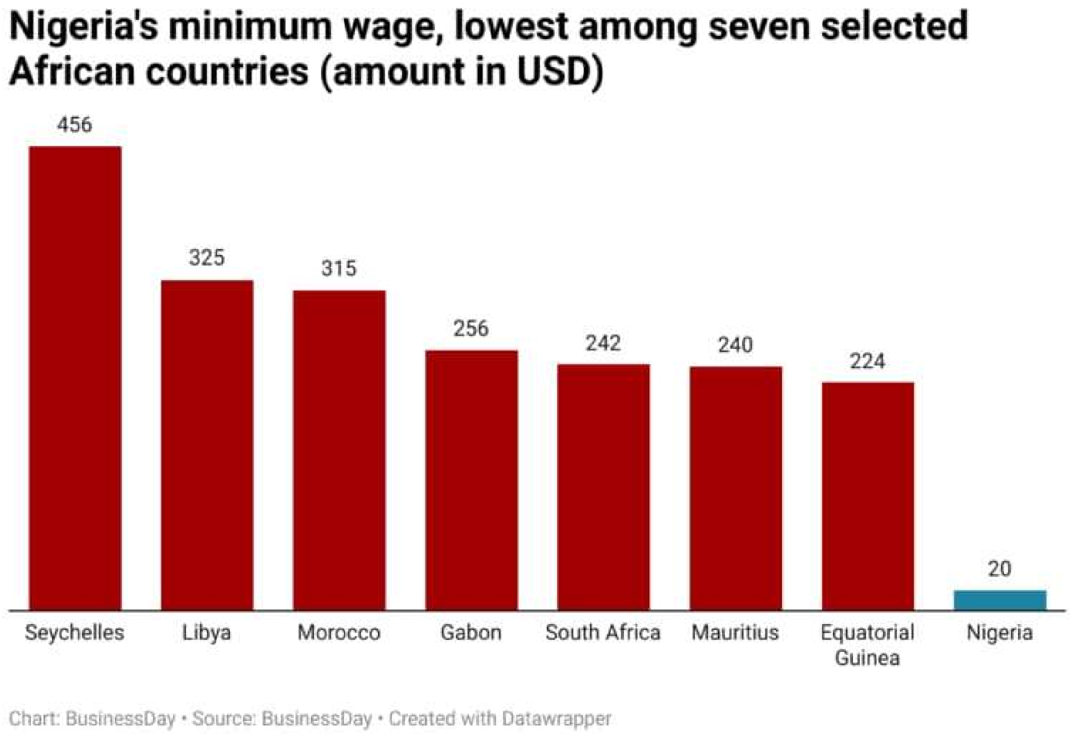
Currently, Nigeria's civil service is notorious for salary inequities, even among employees with the same qualifications, job roles, and grades across various ministries, departments, and agencies. This evident disparity has caused issues like discontent, demotivation, corruption, and inefficient and ineffective service, resulting in a demoralized and unproductive workforce. These outcomes undermine the civil service's fundamental purpose of delivering efficient, impartial, and high-quality public service (Oluwaseyi, 2023). In light of these challenges, this paper aims to discuss the issue of inequity in Nigeria's civil service.

Literature Review

Income Inequity

Income inequity is a well-known issue, even in developed countries, and remains a significant problem in many work environments in Nigeria, a developing nation. Income disparity in the Nigerian civil service dates back to 1951 with the introduction of the federal principle by the Macpherson Constitution. At that time, regions sought solutions to wage issues from wage review commissions (Otobo, 1992). Since then, salary inequality has persisted in the Nigerian civil service. Nigeria is one of the countries with very high-income inequality in government parastatals across its three levels of government. According to Garba, Suryati, Yasmin, and Ali (2020), income inequity refers to the relative differences in workers' take-home pay at the end of the month within similar organizations, job roles, and pay grades. Workers become discontented upon discovering that others in similar positions and pay grades are earning more than they do. The British Council (2012) noted that Nigeria is among the 30 countries with the most unequal income distribution, attributing this to poor governance and high corruption rates (Ogbeide and Agu, 2015).

Salaries in Nigeria's civil service is low by any standard. The minimum wage, set at ₦30,000 (approximately $20), is the lowest among seven selected African countries as of 2023. Using an exchange rate of ₦1,500 to the dollar, a Nigerian worker earns a meager $20 at the end of 30 working days, whereas workers in Seychelles, Libya, Mauritius, Gabon, South Africa, Equatorial Guinea, and Nigeria take home $456, $325, $315, $256, $242, $240, and $224, respectively, as their minimum monthly pay (Business Day, 2023). Figure 1 below illustrates the income inequality among these seven selected African countries as of 2023.



Source: Business Day

Factors Responsible for Differences in Income among the Three Tiers of Government

Analysts have argued that income inequality among the federal, state, and local government workforce in Nigeria arises from various observable, multifaceted, and debatable factors (Ernst, 1991). It is important to note that these tiers of government are independent employers; none dictates to the other, though they cooperate to facilitate governance (Ajulor and Okewale, 2011). Differences in experience, education, and occupation among federal, state, and local workers can affect remuneration. Generally, federal workers tend to be more educated and concentrated in professional occupations compared to those in other government tiers. Furthermore, significant compensation ranges exist within federal and state governments, which are often unavailable to local government workers with similar attributes. According to Kenje (2013), local government employees often lack strong academic qualifications due to flawed recruitment and deployment practices based on political patronage rather than merit, undermining the civil service's standards.

As a result, many local governments are staffed by officials lacking necessary leadership and managerial skills, which hampers effective service delivery and responsiveness to local community needs (Makinde et al., 2016). Another contributing factor to inequity is the funding sources available to the three tiers of government. Adam (1776) suggested that income inequality among government employees is tied to the funds available to the government, implying that discrepancies in funding lead to income inequality. Government expenditures, including worker remuneration, depend on revenue from taxation, borrowings, and grants. Taxes are the primary revenue source for governments, essential for addressing income inequality. Declines in tax revenue or tax avoidance perpetuate income inequity (Alstadsæter, Johannesen, and Zucman, 2019). Federal corporations receive funds directly from the national budget, unlike state agencies, which rely on their state budgets.

Research by Akekere and Yousuo (2014) on wage differentials between federal and state workers, considering education, salary grade level, and number of dependents, found that workers in some states earn more than federal workers, while workers in other states earn less. This disparity was attributed to the varying strengths of internally generated revenue among states, reinforcing the idea that public servants' wages are dependent on resource availability. States and local government areas (LGAs) often lack adequate revenue resources to meet expenditure obligations, as the federal government retains most government revenues. Decentralized collective bargaining is another factor contributing to income inequity in Nigeria’s civil service. Salary schedules and formulas differ across federal, state, and local government employees, resulting in income disparities. Adegoroye (2015) noted that decentralized collective bargaining has led to deregulated salary grade structures, creating various salary structures for different professions.

According to 76.4% and 85% of respondents in a study, compensation disparities and labor disputes in Nigeria's public services are primarily due to decentralized collective bargaining. The study suggested that aligning decentralized collective bargaining with the Nigerian administrative context could improve public sector salaries by establishing a uniform compensation structure nationwide. Economic disparities among government tiers also contribute to income inequity. Not all Nigerian states are economically viable; most rely on federal revenue shares, except for states like Akwa Ibom, Delta, Lagos, and Rivers, which have substantial internally generated revenues. Financial development positively impacts income inequality through economic growth (Kim & Lin, 2011; Gimet & Lagoarde-Segot, 2011). States with higher internal revenues can offer more competitive salary packages compared to economically weaker states. Additionally, a 1997 budget declaration by the then military head of state, suggesting that states compensate their workforce based on available resources (Nick, 2001), also contributed to income disparity.

Finally, sectoral differences within the civil service influence salary disparities. Certain sectors are more relevant, viable, and progressive, attracting more attention and funding, leading to better salary packages. Blanchard (2009) observed that employees in growing sectors with the right skills and technological progress enjoy new opportunities and higher wages compared to those in less progressive sectors. Salary disparities can also vary based on the sector in which a parastatal operates.

Consequences of Income Inequality

Globally, researchers have consistently highlighted the detrimental effects of income inequality, which extend beyond economic implications to social and other spheres. One significant impact is the widespread discontentment towards the government, as individuals often perceive themselves as being unfairly compensated for their work. This discontent can lead to a negative perception of government actions and policies. Moreover, when employees feel that their salaries do not align with their responsibilities, there is a heightened risk of engaging in corrupt practices to supplement their income. Addressing these disparities through salary harmonization can serve as a deterrent to corruption, as fairly compensated employees are less likely to resort to illicit means. Furthermore, the impact of salary discrepancies on productivity is profound. When there are significant disparities in compensation among employees within the same organization, it creates a sense of undervaluation and demotivation among those receiving lower pay. This lack of motivation can lead to decreased productivity, as employees may lack the incentive to exceed basic job requirements. Implementing a harmonized salary structure fosters a fair and equitable system, promoting a sense of equality and motivation among civil servants, ultimately enhancing overall productivity and organizational effectiveness.

In Nigeria, income inequality has a complex relationship with productivity growth and human capital development. The research findings suggest that while productivity growth leads to reduced income inequality, income inequality itself can have a positive impact on productivity growth. One key factor in this dynamic is the role of human capital development. The study by Adegboye (2019) found that human capital development serves as a crucial linkage between income inequality and productivity growth in Nigeria. This underscores the importance of investing in education, skills training, and workforce development to foster inclusive economic growth. However, income inequality in Nigeria also has negative consequences. Persons with disabilities in Nigeria persistently face stigma, discrimination, and barriers to accessing basic social services and economic opportunities. This exclusion perpetuates inequality and limits the participation of marginalized groups in the country's economic and social progress.

Conclusion

The causes and consequences of income inequality in Nigeria's civil service are complex and multifaceted. While general trends in salary disparities exist between federal and state parastatals, specific variations arise from differences in funding, administrative structures, and state economic conditions. Addressing salary harmonization is essential not only for internal equity within the civil service but also for tackling broader socio-economic inequities in the country. An equitable compensation system reflects the government's commitment to social justice and inclusivity, and narrowing salary gaps demonstrates a dedication to creating a more egalitarian society. Ultimately, salary harmonization in Nigeria's civil service is not merely a matter of financial fairness but a strategic imperative for national growth and development. The government must prioritize implementing a comprehensive and equitable salary structure to cultivate a motivated, efficient, and corruption-resistant civil service. This will enable Nigeria to fully harness its civil service as a catalyst for positive change and progress.

References

Akekere, J., Yousuo, P.O.J. (2014). An Empirical Analysis of Wage Differentials Among Public Servants in Nigeria. *International Journal of Business and Management Invention 3(8), 2319-8039, 55-63*

Adegboye, A.C. (2019). Income inequality and productivity growth in Nigeria: Does human capital development matter? *The Nigerian Journal of Economic and Social Studies,* 57(1):75-100

Emmanuel, R. A. (2002). Decentralizing public sector collective bargaining and the contradictions of Federal practice in Nigeria: *African study monographs* 23(1), 11-29, 3- 2002.

Garba, M. G., Suryati I, Yasmin, B., Ali M. D (2020). The determinants of income inequality in Nigeria: An autoregressive distributive lag approach. *International Journal of Innovation, Creativity and Change, (11), 12*.

Igbokwe-ibeto, Chinyeaka J. A, Florence & Osawe, Cyril, A. (2015). Work content in the Nigerian civil service and its implication on sustainable development. *Singaporean Journal of Business Economics and Management Studies*, 4(1), 1-16

John C. A., (1999). Fiscal Federalism and Nigeria's Economic Development

Lisa, J, Meg, R. & Alan, R. (2023). The Constitution Unit, University college of London

Maslow, A. H. (1943). A theory of human motivation. Psychological Review, 50(4), 370-396

National Salaries & Incomes and Wages Commission Circular (2007). Circular on Consolidated Public Service Salary Structure https://nairametrics.com/wp-content/uploads/2012/04/Consolidated-public-Service-Salary-Structure. Retrieved 30/04/2024

National Salaries, Incomes & Wages Commission (2019). Consolidated Public Service Salar y Structure. *Federal Civil Service Remuneration and Salary in Nigeria: An Overview of Structural Change*. Retrieved 30/04/2024.

Ogbeide, E. N. O., & Agu, D. O. (2015). Poverty and Income Inequality in Nigeria: Any causality? *Asian Economic and Financial Review*, 5(3), 439.

Oluwaseyi, A. (2023). Salary harmonisation*:* Key to virile Civil Service. Federal Radio Corporation of Nigeria. (radionigeria.gov.ng)

Patrick, P. T. (2023). Federal civil service remuneration and salary in Nigeria: An overview of structural change. *International Journal of Public Administration and Management Research*, 8(6), 62 -73.

Schmarzo, B., & Smeyers, L. (2014). *Moving from descriptive to predictive HR analytics.* Retrieved March 20th 2024 from https://infocus.dellemc.com/william_schmarzo/business-analytics-moving-from-descriptive-to-predictive-analytics/.

Sonja, R. (2015). *Business benefits of leveraging predictive analytics in HR. Thesis submitted in partial fulfillment of MSc program in Information and Service Management*, Aalto University School of Business.

Zaharie, M., & Osoian, C. (2013). Job recruitment and selection practices in small and medium organisations. *Studia Universitatis Babes-Bolyai*, 58(2), 86.