

## Nigerian Employers Consultative Association (NECA) as a Veritable Instrument for Enhancing Industrialization and Industrial Relations in Nigeria

Nnauko, Ayochukwu Oliver<sup>1</sup>, Okoye, Godwin<sup>2</sup>

1.Department of Industrial Relations and Personnel Management, Caritas University, Enugu, Nigeria.

2.Department of Mass Communication, Caritas University, Enugu, Nigeria.

Email - Emmachiwoke@yahoo.com

**Abstract:** Employment creation is very critical for industrialization and the development of every country. It is a known fact that without Industrialization and creation of employment, Nigeria will be far from development. Hence those individual or group of individual who create employment should be highly commended by government and workers alike especially in this time where it has become very obvious government alone does not have the capacity to create all the employment (jobs) for the increasing unemployed Nigerians. Hence, this study focuses on the Nigerian Employers consultative Association as a veritable instrument for enhancing industrialization, Industrial Relations and economic growth of Nigeria. Ever since the formation of NECA in 1957, it has helped through its various roles to create employment, industrial harmony and economic growth of Nigeria. Some of NECA'S key roles include human resources development, industrial relations, advice and guidance as well as provision of information. NECA equally has its own problems and limitations. Thus the researcher equally made some recommendation in this direction.

**Key Words:** Industrial Relations, Employee Welfare, Labour Relations, Enterprise Development.

### INTRODUCTION:

Nigerian Employers' Consultative Association (NECA) is the umbrella organization of employers in the organized private sector of Nigeria. It was formed on 16<sup>th</sup> January 1957 as a consultative and advisory body to provide the forum for government to consult with private sector employers on social and labour policy issues.

The Association (NECA) provides a platform for private sector employers to interact with government, labour and other relevant institutions in Nigeria for the purpose of promoting industrial harmony. Industrial relation is defined as the need for the establishment of an employers' body was initiated by government because there was a felt vacuum of a representative employers' body with which government could dialogue. In order to fill this gap, the then Minister of Labour and Welfare, Honourable Chief Festus Okotie-Eboh held a meeting with representatives of twenty-four major employers on the 6<sup>th</sup> of August 1955 and suggested the need for the formation of a central association to provide a forum to handle government – employers relations (Olorunfemi, 1997; p. 71).

Trade Union Act o 1973 included employers associate as a trade union together with employers associations, some NECA executives don't see NECA as a trade union. However, this statement was made clear by the one time Director – General of NECA Mr. Olusegun Oshinowo who said that "NECA is not a trade union but a dynamic and highly respected professional body, registered under the Company and Allied Matters Act of 1990" (Udeala, S. Vanguard, September 3, 2002, p. 20).

The association which started with founding members of 28 employers, presently has over 400 employers as members (Udeala, S. Sep 3, 2002, p. 20). It's mandate was to pioneer a collective voice for employers in the field of industrial relation's policy and practice in Nigeria, taken into consideration the overall public interest.

### OBJECTIVES OF NECA:

The role of NECA is in furtherance of its objectives, which are as follows:

- To secure the membership of all eligible employers in the country, promote and maintain good feelings between these employers and their employees.

- To encourage and advise on the payment of equitable rates of wages and salaries.
- To advise and help in the settlement of grievance brought to the association by member companies.
- To promote technical or other forms of education and research for the development of effective manpower in Nigeria.
- To become a member or appoint representatives to anybody or association whose aims and objectives are consistent with its own. This is with the aim of representing the views of its members in both National and International bodies or associations pursuing similar goals.
- To make representations to government and its agencies thereby influencing legislature in matters affecting the interest of member companies, other employers of labour and employees.
- To cooperate with other associations like the Nigerian Labour Congress (NLC), the Nigerian Association of Chambers of Commerce, Industry, Mines and Agriculture (NACCIMA) and Manufacturers' Association of Nigeria (MAN).

### **ROLE OF NECA:**

Rule four of 'the Rules and constitution of NECA', 1984 states that NECA is a "body of employers whose role is to advise, encourage and to warn".

NECA's advise, encouragement and warnings are not forced on members as these activities are carried out in a democratic manner. The consensus of opinion of its members is of paramount importance when decisions are being taken. However, it does not interfere with the individual autonomy and independence of its members in the conduct of their affairs.

The Former Director of NECA, Mr. G.C. Okogwu (OFR), spelt out the following as the roles of NECA.

1. Human Resources Development
  - Training and Development
  - Enterprise Development
2. Industrial Relations
  - Personnel Management and Labour/Management Relations.
  - Representational Role and Relations with government.
  - Relations with workers, trade union and the NLC.
3. Advice and Guidance
4. Information and research

### **HUMAN RESOURCES DEVELOPMENT:**

NECA has placed much emphasis on the development of human resources through its training and education programmes. Although NECA was established based on the need for consultation, between government and employers in the field of industrial relations policy and practice, the dearth of indigenous manpower to take over managerial and technical positions necessitated the association to shift interest beyond industrial relations to the area of manpower development. The belief is that if the right calibers of people are put in place, the natural resources of the society can be transformed into usable resources and consequently wealth. Besides, employers are becoming more interested in the development of their workers because it is the key to development and growth of their business. Nigeria Employers' Association therefore took up the responsibility of providing for its members, opportunities for training and education of its varied and numerous workforce, by creating the awareness for the need and the available training opportunities within and outside the country. NECA now organizes open and in-plant courses that are relevant to the operations of its members, the quality of which meets international standard (Udeala, S. Sept 3, 2002, p. 20).

NECA through its Training and Education Committee represents employers on various public and outside corporate bodies concerned with issues of human resources development. These bodies include:

1. The West African Examination Council (WAEC) and its various committees.
2. The National Universities Commission (NUC).

3. The National Board for Technical Education (NBTE).
4. The Industrial Training Fund (ITF).
5. Centre for Management Development (CMD).
6. National Manpower Board
7. National Youth Service Corps (NYSC). (NECA News, May – June, 1985, P. 22).

Furthermore, NECA has been involved in specialized training on contemporary issues such as the sensitization of employers to the ILO convention on HIV/AIDS in 1997. This has qualified NECA for invitation by AIDSCAP for collaboration on a joint project aimed at educating Nigerians on AIDS through its established networking system, (Olorunfemi, 1997; p. 92).

Also, the Industrial Training Fund (ITF) and Nigeria Employers' Consultative Association have begun brainstorming in Lagos to find solutions to some problems in the education sub-sector. The forum is specifically aimed at discovering ways of enhancing capacity building in the products of the country's tertiary institutions for optimal utilization by industries. One major way of improving the quality of Nigerian graduates is by emphasizing on the Students Industrial Work Experience Scheme (SIWES). (The Guardian Newspaper, May 28, 2002, P. 35 and 37).

#### **ENTERPRISE DEVELOPMENT:**

The desire to generate employment for Nigerians and create more employers, who would invariably join NECA, led to the establishment of the Small Business Unit (SBU) in 1992 that has now developed into a department in NECA known as the Enterprise Development Department. With the assistance of International Labour Organization (ILO), the association now runs courses on Start – Your – Business (SYB), Improve – Your – Business (IYB) and Look – After – Your – Firm (LAYF), (Udeala, S. Sept, 3 2002, p. 20).

NECA's interest in this aspect of human resource development is a means of improving the quality of people in terms of what they are capable of doing and what they actually do, and also realizing the fact that the quality of human resources of any nation or organization determines the wealth of that nation or organization, hence the emphasis on the development of Human resources through its training and development programmes.

#### **INDUSTRIAL RELATIONS:**

On industrial relations, NECA has been in the fore-front of creating a conducive industrial relations environment in Nigeria. Indeed the formation of NECA was informed by, amongst other things, the need to promote cooperation in the field of industrial relations between Association of Employers in various industries, trades and business in Nigeria, and also between individual employers (Olorunfemi, 1997, P. 88).

#### **PERSONAL MANAGEMENT AND LABOUR/MANAGEMENT RELATIONS:**

In the area of Personnel Management and Labour/Management Relations, NECA has been involved in the development of prudent personnel policies for its members by organizing workshops on personnel management, providing guidelines and documentations to assist employers in formulating their personnel policies. According to Mr. G.C. Okogwu (Former Director) of NECA, an effective and viable Personnel and Industrial Relations Policy "should be in writing, clearly stated; consistent with public policy; uniform throughout the undertaking and it should be frequently renewed and evaluated" (NECA News, May-June, 1985; p. 35).

Part of the policy of NECA in Industrial Relations is to advocate the use of collective bargaining machinery as the best method of reaching agreements in every aspect of the employment relationship between management and worker. Also, the Association places great importance on the training of negotiators for collective bargaining. This is because negotiations often fail if they are manned by inexperienced negotiators. To this end, case studies, which provide opportunity to gain insights into empirical situations, seminars and workshops are organized.

NECA assist member-companies in their preparation for collective bargaining through the provision of tactical and legal advice, statistical information, the results of survey and by encouraging them to take advantage of training opportunities for their staff in these areas.

Some of the survey which NECA has conducted include those on summary of the Terms and Conditions of Service; Pension and Provident Fund Scheme; Survey of Redundancy Schemes and Survey on Long Service Awards. (NECA News, May-June, 1985, p. 35).

#### **RELATING WITH WORKERS, UNION AND NLC:**

In relating with workers, the Association emphasizes the need for appropriate industrial relations practices base on mutual respect as the strategy for promoting industrial peace and harmony. In doing this, NECA serves as the discussant house for private sector employers. It developed a series of Memoranda of Advice and Guidance on fundamental industrial relations principles to guide its members. It was instrumental in creating a nation-wide prototype staff handbook for all companies. The association has also been able to structure industrial relations practices by its emphasis on the existence of a Procedural Agreement between the Sectoral/Industrial employers Association and the National Union on one hand, and between management and plant unions on the other, (Olorunfemi, 1997, p. 88).

Moreso, NECA has been playing the role of promoting the practice of enlightened industrial relations through encouragement of the development of trade unions and educating its members on recognizing and dealing with their employees' trade unions.

On NECA's relations with NLC, they both consult each other on matters of mutual interest, such as the Trade Union structure and pattern of collective bargaining; Procedural Agreements between Trade Unions and Employees' Associations, and the Government's Income Policy Guidelines. This relation is evident in NECA's role in the recent campaign against casualisation of workers. It had an agreement with NLC to prohibit casualisation in the Nation's Labour System. NECA and NLC agreed that employers should regularize the employment of casual workers in their respective establishments. Specifically, in regularizing the casual workers appointments, the employers are expected to pay rates in accordance with prevailing procedural and substantive collective agreements in the industry, which will also be taken into account in protecting the interest of workers. In line with this, NECA and NLC have agreed to form a joint committee to look into the issue and verify the true position in respect of those that have presented information on the regularization of casuals considered controversial.

#### **REPRESENTATIONAL ROLE AND RELATIONS WITH GOVERNMENT:**

Government can consult employers through NECA, and representations to Government are also made through it. This is in view of the fact that the association is the central organization of employers in Nigeria and as such, it reflects the views of majority of employers of labour in Nigeria.

Increasing government involvement in economic and industrial affairs has intensified the importance of NECA's representational role, and its relations with government. Legislation has a direct effect on industrial and social affairs. This is the reason why NECA seeks amendments to existing or proposed legislation which would negatively affect its members. For example, NECA through its Director – General expressed its displeasure over the manner government reviews the minimum wage policy, (Olorunfemi, 1997; p. 60).

Apart from this, NECA serves as a means by which industry co-operate with government to achieve the goals of national economic policy either through national or ministerial committees.

According to the Federal Republic of Nigeria Official Gazette Extra-ordinary No. 55 of 26<sup>th</sup> October 1979, NECA is officially recognized as one of the eight bodies with which the Federal Ministry of Employment, Labour and Productivity should have relations with.

NECA has also been visible in Public Policy Advocacy by contributing to the joint Organized Private Sector (OPS) Pre-Budget Memoranda to the Federal Government. This is evident in the increasing awareness of the strategic role of the private sector as the engine of economic development as government predominance in economic activities is giving way to a situation where the private sector is the prime mover.

In furtherance of this policy advocacy role, NECA recently dissociated itself from the Federal Government discussion to increase workers pay. It was of the view that the way and manner the Federal Government has handled NLC's demand was out of place, reason given was that the Federal Government has mixed up its role as a sovereign and as an employer. As an employer, it could only negotiate with the various unions in the civil service while as a sovereign; it must follow due process in the review of wages by involving all stakeholders in the economy, that is, the remaining two tiers of government (State and Local Government), private sector employers, which NECA represents in this regard, and the National Assembly, the only body vested with the constitutional power to amend the national Minimum Wage Act. Between 2000 and 2002, the private sector employers have granted, through their collective bargaining machinery an average of twenty percent to forty percent wage increase. (Vanguard, Sept. 2002, p. 20). Therefore, the association noted that the outcome of the current negotiation between NLC and Government was likely to disrupt the peace in the private sector. NECA then advised the Federal Government as follows:

“If the wish of the Federal Government is to grant a general salary increase, government should act as an employer at the Federal level rather than as a sovereign. Therefore, the outcome of Federal Government's negotiation with NLC should be made applicable to only the general civil servants”. (Udeala, Vanguard Newspapers, Sept. 3, 2002, P. 20).

#### **ADVICE AND GUIDANCE:**

Valuable information and materials on Industrial Relations are regularly obtained by NECA from universities, research institutions, member companies, government and its agencies and overseas contacts such as the ILO and International Organization of Employers (IOE).

This gives it the capability to provide advice and guidance as a way of proffering useful solutions to problems of member companies, such as problems of recognition and negotiations with Trade Unions; strikes and other industrial conflicts. Others include technical problems like handling of workers' grievances, the interpretation and application of labour legislation, collective agreements and awards of the Industrial Arbitration Panel (IAP).

Expatriate employers (multinationals) when establishing themselves in Nigeria often rely on the services of NECA for “Advice and Guidance” on the Industrial Relations Framework of the country.

#### **INFORMATION:**

NECA provides useful and factual information for use of its members. Such information range from current developments in labour matters and Industrial Relations, to a variety of issues of national and international importance. Some of these information are the result of research, while others as earlier mentioned, are gotten from members, government and overseas contacts such as the ILO etc. The major channel of disseminating information to members are through:

- Circulars
- Memoranda of Advice and Guidance
- The monthly newsletter or NECA news

#### **PROBLEMS/LIMITATIONS:**

Nigeria Employers' Consultative Association (NECA) is a voluntary organization whose policy pronouncements are not binding on members as it can only advice but cannot enforce. It therefore cannot be said to have met fully, the expectations of its stakeholders. An example can be seen in the expectation of workers that NECA would save them from employers by helping in solving the problems

of casualization of workers and the issue of minimum wage, among others. It is evident that some employers who are members of NECA still pay below the minimum wage standard set by the Federal Government. NECA has not been able to impose any sanction on its members involved in the casualization of workers as a way of stopping other employers from continued engagement of casual workers.

Another instance is the divided opinion that greeted the recommendation by NECA for member organizations to give relief materials to the people in the Eastern part of Nigeria to cushion the effect of hunger, resulting from the civil war that lasted between 1967 and 1970, (Olorunfemi, 1997, p. 62).

NECA therefore, can be said to be a toothless bulldog whose resolutions are not taken seriously. The absence of an effective mechanism to enforce compliance to its resolution by members has reduced its efficiency and consequently its relevance. In the words of its former Director... “The control which NECA exerts over its member – companies is a form of self discipline” (Olorunfemi 1997, p. 65). It is therefore difficult if not impossible to stop a member company of NECA from going on its own autonomous way or if it chooses to defy the policies of NECA.

The spate of political violence and uncertainty has also further reduced the ability of NECA to function effectively. Nigeria has witnessed several changes in regimes leading to the emergence of different policy formulation which has made it difficult for NECA to adopt a stable policy strategy to ensure its continued relevance. Closely related to this is the issue of economic instability. The slow pace of economic activities, continued depreciation of the naira, the lack-luster economic policies of government have all contributed in reducing the efficacy of NECA and consequently its relevance.

Another limitation of NECA is in the area of funding. NECA embarks on so many activities, which require enormous funding to be accomplished. These include running of its secretariat, providing valuable information relating to industrial relations to members by means of circulars, memoranda of advice and guidance, monthly newsletters, education and training programmes, group services, etc. Membership dues from members who are under no obligation to pay represent its only source of revenue.

### **RECOMMENDATION:**

To enhance its efficacy and relevance, the voluntary status of NECA should be jettisoned and a more obligatory framework for membership established. By so doing, its objective resolutions will have far-reaching effect than hitherto. NECA cannot enforce any rule when membership is voluntary.

There should also be an unyielding emphasis on the pressure group function of NECA to influence government decisions. That is, its representation vis-à-vis the state and its agencies. This becomes imperative against the background of increased need for consultation at the national level for the purpose of formulating a better economic or social policy in Nigeria. The National Social Insurance Trust Fund (NSITF), National Housing Scheme, the Industrial Trust Fund, etc; are social issues on which there is often the need for consultation.

According to Jean Jacques Oeschshlin (in Olorunfemi, 1997, p. 117), “efficient functioning of the market economy and the promotion of free enterprise requires determined pressure to be exerted by employer’s organizations on national and local decision makers in the economic, social and labour relations field”.

There is also the need for greater emphasis on the collective bargaining function of NECA. That is its representation, vis-à-vis trade unions. The undoubtedly is a prerequisite for industrial harmony which also goes to impact on the relevance of NECA.

NECA should reassess its position and develop a political will to change into a stronger powerful body, as well as improve its financial base.

**CONCLUSION:**

Membership of NECA consists of ordinary members from individual firms/employers' association (Trade Associations) and affiliate members mostly from public corporations and government agencies. The mandate of NECA was to pioneer a collective voice for employers in the field of industrial relation policy and practice in Nigeria taking into consideration the overall public interest. The role of NECA is in furtherance of its objectives and these form the bases of its role in industrial relations in Nigeria. It embarks on various activities such as consultation, information, education and training, as well as group services. Whether or not the impact of the activities or programmes are far-reaching, is a topic for later discussion.

**REFERENCES:**

1. Olorunfemi, J.F. The History of NECA, Malthouse Press Ltd, 1997; p. 13-17.
2. Udeala, S., NECA at 45, Charts Course for a New Beginning, Vanguard Newspapers, September 3, 2002, p. 20.
3. Rules and Constitution of NECA, Rule 4, 1984.
4. Adesina Debo, NECA Agrees with NLC to Erase Casualization, The Guardian Newspaper, Tuesday, May 7, 2002, p. 35.
5. NECA News, May 1985 – May 1990 Editions.