Experts Opinion On Economic Effect Of 2019 New Minimum Wage Implementation On Nigerian Worker

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ABSTRACT
The study looked expert opinion on economic effect of 2019 new minimum wage implementation on Nigerian worker. Two research questions and one hypothesis was used. The researcher adopted the survey research design. The researchers used a total of 235 experts from different economic and financial institutions using random sampling technique. The researchers developed an instrument titled “Economic Effect of 2019 Minimum Wage Implementation” (EEMWI). The instrument consists of four point rating scale consisting of eight items. EEMWI item was subjected to face validation by two experts in the department of economics in the University of Port Harcourt. The instruments reliability was calculated using Cronbach alpha. The reliability coefficient was calculated to be 0.78 which was considered adequate for the study. The data was collected using questionnaires. 85% of the data were retrieved from the study making it a total of 200 respondents. The data obtained were analyzed using mean for research questions and z-test for hypothesis at 0.05 level of significance. Conclusively, the study was able to show that the 2019 new minimum wage will improve the living standards of the average wage earner. Also, there is possible increase in the transaction of goods and service in the system. It was finally recommended that government agencies should monitor and ensure that the new minimum wage should be implemented not only in government ministry but also in private sector of the economy.

Keywords: Economic, Minimum Wage, Implementation, Worker

INTRODUCTION
Minimum wage is defined as the minimum amount of remuneration that an employer is meant to pay wage earners for the work carried out during a specific period of time, which cannot be reduced by collective agreement or an individual contract. This definition refers to the bonding nature of minimum wages, irrespective of the method of fixing them. Minimum wages can be placed by statute, decision taken by a competent authority, a wage board, a wage council, or by industrial or labor courts or tribunals as the case may be (ILO, 2015). Minimum wages can also be set by giving the force of law to provisions of collective agreements. In defining a minimum wage, it is important to be specific about which essential element of a wage can be counted in the minimum, the level and requirements under which payment in kind can be allowed, how the minimum is calculated for workers with piece rate pay, and whether the minimum is an hourly and/or a monthly rate.

In different nations, the legislation states that employee’s wages may not be lower than the applicable minimum wage. Minimum wages relies on the hours that facilitate equal treatment between full- and part-time employees by giving additional information to workers and employers alike. Hourly minimum
wages are specifically relevant for certain categories of workers who are in a situation of partial legal coverage – they are covered by minimum wage legislation, but not by working time provisions.

In Nigeria minimum wage is also been implemented by the executive government alongside the national assembly. But this implementation of thirty thousand naira monthly (#30,000) as passed into law by Federal and state government as raised a lot of issues in the country. The challenge is that with the current economic hardship experienced by citizens of this great nation, there is difficulty in meeting up daily needs. In some states, due to large percentage of civil servants on pay roll and low budgetary allocation, it becomes an unrealistic venture to implement the minimum wage. Also looking at the private sector of the economy, there is the challenge of meeting up the implementation of the new minimum wage as a result of economic hardship and low patronage due to low income in the economy.

Economic theory suggests that the macroeconomic influences minimum wage increases on gross domestic product (GDP) are ambiguous. Minimum wage increases may influence rise in labor costs and output prices, reduce firms’ profits making and job training, and cause adverse employment and hours effects, each of which may reduce in GDP. However, if minimum wage upliftment increases the wages of low-skilled workers who keep their jobs and these employees have a higher marginal propensity to consume additional money of income than industrial directors or low-skilled workers who lose their jobs thus minimum wage increases will yield in higher GDP (Sabia, 2015). Further, negative employment effects may have the unintended consequence of leading to greater economic growth if low-skilled workers who lose their jobs take up job training or increase schooling, or if industries substitute toward higher-skilled workers.

Additionally, if resident labor markets have only one employer, there is even a possibility of minimum wage increases to increased recruitment. Three studies have empirically estimated the relationship between minimum wages and GDP (Askenazy, 2003). The first examines the interaction between exports and minimum wage policy. GDP growth is measured as the percentage change in GDP over each five-year period. The minimum wage measure is the percentage change in the ratio of the nation’s minimum wage to the average wage over the same period. The strongest evidence for adverse low-skilled employment effects from minimum wage increases has been found in studies of labor markets where the minimum wage is most likely to “bind” (i.e. to be set above the market-clearing wage and thus affect employment) specifically, in foreign countries like US, Canada, Colombia, Costa Rica, Mexico, Portugal, and the UK. However, the lack of geographic difference in minimum wages within many countries, along with relatively heavier government regulation of labor contracts, makes it challenging to isolate credible “control groups” with which to estimate policy impacts. This is as a result of the fact that national minimum wage changes often influence many classes of low-skilled workers across different areas and regions. Current studies reveal that to explore whether the employment effects of minimum wages differ over the business cycle. There are a number of theoretical reasons to expect that this may be the case. In the period of recessions, employers are more likely to relieve illiterate workers, low-skilled workers, which could result in larger negative employment effects during troughs in the business cycle. On economic diversification, increases in aggregate demand may ameliorate minimum wage which will result in negative employment influence. Similarly, wages are more stagnant during economic recession; minimum wages are more likely to bind for low-skilled workers, potentially leading to larger earnings gains.

Most recent studies have explore the effects of minimum wage increases on poverty, the vast majority of which find little evidence that the minimum wage is an effective antipoverty tool (Sabia, 2015). Current literature had it that little evidence of minimum wages is effective at reducing consumption on the ground of deprivation, or material hardship (Sabia and Nielsen, 2015). But could the poverty effects of minimum wages differ over the business cycle? It is argued that many poor individuals do not work and, therefore, will not directly benefit from minimum wage increases. And many more poor individuals will be unemployed during recessions, which will further undermine the poverty-alleviating effects of minimum wages during downturns. In addition, many poor (or near poor) workers earn hourly wages greater than newly proposed minimum wage levels and hence will also not directly benefit from such increases; their
poverty status is more often the result of low work hours or living in a large family. However, this study intends to look at the economic effect of 2019 minimum wage in Nigeria.

**Purpose of the Study**
The study is based on expert opinion on economic effect of 2019 minimum wage in Nigeria. Therefore, the study sought to:

1. Find out the extent to which the 2019 minimum wage can improve on the living standard of the average employed citizen of Nigeria.
2. Find out the extent to which the 2019 minimum wage implementation can influence the transaction of goods and service in the Nigerian Economy.

**Research Questions**
The researchers developed the following research questions and used them as a guide for the study.

1. To what extent do the 2019 minimum wage affects the living standard of the average employed citizen of Nigeria?
2. What is the effect of 2019 minimum wage implementation on the transaction of goods and service in Nigerian Economy?

**Hypothesis**
The null hypothesis below was developed and tested at 0.05 level of significance.

\[ H_0: \text{There is no significant difference between the effects of 2019 minimum wage implementation on living standard of employee in Nigeria and transactions made by employees on goods and services.} \]

**Scope of the Study**
The study is limited to 2019 new minimum wage implementation in Nigeria.

**METHODS**

**Research Design**
The researchers adopted the survey research design. The survey was used because simple questionnaires were used to collect data from correspondents. This was done by administering questionnaires to experts on the field.

**Population of the Study**
The population consists of a total of 2235 available financial and economic experts in different institutions in the country. Selections were based on experience and recommendations made by relevant institutions.

**Sample and Sampling Technique**
The researchers used a total of 235 experts from different economic and financial institutions using random sampling technique. Questionnaires were administered to the experts to fill.

**Instrument for Data Collection**
The researchers developed an instrument titled “Economic Effect of 2019 Minimum Wage Implementation” (EEMWI). The instrument consists of four point rating scale consisting of eight items. The response options consist of Strongly Agree (SA), Agree (A), Disagree (D) and Strongly Disagree (SD). The response options are weighed as 4, 3, 2 and 1 respectively.

**Validation of Instrument**
EEMWI item was subjected to face validation by two experts in the department of economics in the University of Port Harcourt. The experts checked the language content of the instruments and made appropriate corrections before the researchers used them for the study.

**Reliability of Instrument**
The instruments reliability was calculated using Cronbach alpha. The reliability coefficient was calculated to be 0.78 which was considered adequate for the study.
Data Collection and Analysis Techniques
The data was collected using questionnaires. 85% of the data were retrieved from the study making it a total of 200 respondents. The data obtained were analyzed using mean for research questions and z-test for hypothesis at 0.05 level of significance.

Decision Rule
The following rules guided the study.
1. Accept mean if calculated value is 3.00 and above otherwise reject.
2. Accept null hypothesis if calculated z-value is less than tabulated. Otherwise reject.

RESULTS
Table 1: Extent to which 2019 minimum wage affects the living standard of the average employed citizen of Nigeria

<table>
<thead>
<tr>
<th>S/No</th>
<th>Items</th>
<th>SA</th>
<th>A</th>
<th>D</th>
<th>SD</th>
<th>Mean</th>
<th>Standard Deviation</th>
<th>Remark</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2019 Minimum wage will Affect the feeding standard of average Worker in Nigeria.</td>
<td>120</td>
<td>70</td>
<td>8</td>
<td>1</td>
<td>3.54</td>
<td>0.22</td>
<td>Accept</td>
</tr>
<tr>
<td>2</td>
<td>The new 2019 minimum Wage will give workers The opportunity to invest In businesses.</td>
<td>80</td>
<td>70</td>
<td>40</td>
<td>10</td>
<td>3.10</td>
<td>0.18</td>
<td>Accept</td>
</tr>
<tr>
<td>3</td>
<td>The 2019 new minimum Wage will increase the rate Of purchase of goods and Services.</td>
<td>130</td>
<td>60</td>
<td>10</td>
<td>0</td>
<td>3.60</td>
<td>0.22</td>
<td>Accept</td>
</tr>
<tr>
<td>4</td>
<td>The 2019 new minimum Wage will reduce the Poverty rate of the average Civil servant.</td>
<td>140</td>
<td>40</td>
<td>10</td>
<td>10</td>
<td>3.55</td>
<td>0.22</td>
<td>Accept</td>
</tr>
</tbody>
</table>

Data obtained from table 1 showed that responses from item 1, 2, 3 and 4 were all accepted to the various questions. This indicates that the 2019 new minimum wage will have a positive effect on the living standard on the average Nigerian wage earner.

Table 2: Effect of 2019 minimum wage implementation on the transaction of goods and service in Nigerian Economy

<table>
<thead>
<tr>
<th>S/No</th>
<th>Items</th>
<th>SA</th>
<th>A</th>
<th>D</th>
<th>SD</th>
<th>Mean</th>
<th>Standard Deviation</th>
<th>Remark</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>New minimum wage will Cause a hike in the prices Of goods.</td>
<td>100</td>
<td>40</td>
<td>50</td>
<td>10</td>
<td>3.15</td>
<td>0.18</td>
<td>Accept</td>
</tr>
<tr>
<td>6</td>
<td>New minimum wage will Increase consumption rate As well.</td>
<td>120</td>
<td>60</td>
<td>10</td>
<td>10</td>
<td>3.47</td>
<td>0.21</td>
<td>Accept</td>
</tr>
<tr>
<td>7</td>
<td>New minimum wage will Increase competition of Consumers on the purchase Of goods and services.</td>
<td>40</td>
<td>60</td>
<td>80</td>
<td>20</td>
<td>2.60</td>
<td>0.16</td>
<td>Reject</td>
</tr>
<tr>
<td>8</td>
<td>New minimum wage will Influence the rate of Production of goods and services.</td>
<td>70</td>
<td>60</td>
<td>60</td>
<td>10</td>
<td>2.95</td>
<td>0.17</td>
<td>Accept</td>
</tr>
</tbody>
</table>
The result presented in table 2 showed that items 5, 6 and 8 were all accepted to the various questions. Item 7 was rejected. This implies that the implementation of 2019 minimum wage has the tendency to boast business transaction in Nigerian economy.

Table 3: Z-value difference between the influence of 2019 minimum wage implementation on living standard of employee in Nigeria and transactions made by employees on goods and services

<table>
<thead>
<tr>
<th>S/No</th>
<th>Item</th>
<th>No</th>
<th>Mean</th>
<th>Std. Dev.</th>
<th>Z-Cal</th>
<th>Df</th>
<th>Z-Crit</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Minimum wage implementation on Living standard.</td>
<td>200</td>
<td>3.45</td>
<td>0.21</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>Transaction made by Employee on goods &amp; Services.</td>
<td>200</td>
<td>3.04</td>
<td>0.18</td>
<td>20.5</td>
<td>398</td>
<td>1.645</td>
<td>NS</td>
</tr>
</tbody>
</table>

Data revealed from table 3 indicates that there is significant difference between the influence of 2019 minimum wage implementation on living standard of employee in Nigeria and transactions made by employees on goods and services. This is because Z-critical value of 1.645 is less than z-calculated value of 20.5 at 0.05 level of significance. Following the decision rule, the null hypothesis was therefore rejected.

DISCUSSION OF FINDINGS
The results from the study revealed that the increment of 2019 minimum wage will have positive effect on the living standard of the average wage earner. This is in line with the view of Joseph, (2015) which states that minimum wage increase is an antipoverty tool. Joseph further emphasized that improves workers devotion to duty as a result better living standard.
The study further revealed that there is significant difference between the influence of 2019 minimum wage implementation on living standard of employee in Nigeria and transactions made by employees on goods and services. This is in line with the view of Joseph, 2015 with a view that minimum wage increases may increase labor costs and output prices, reduce firms’ profits and job training, and cause adverse employment and hours effects, each of which may reduce in GDP.

CONCLUSION
Conclusively, the study was able to show that the 2019 new minimum wage will improve the living standards of the average wage earner. Also, there is possible increase in the transaction of goods and service in the system.

RECOMMENDATIONS
Based on the findings of the study, it would be recommended that government agencies should monitor and ensure that the new minimum wage should be implemented not only in government ministry but also in private sector of the economy. This would in turn boast workers productivity and market purchasing rate which have a positive effect on economic growth.

REFERENCES

