Perspectives on Nigerian Labour Market and the Global Economy

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PERSPECTIVES ON NIGERIAN LABOUR MARKET AND THE GLOBAL ECONOMY

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Foreword

Globalisation and its far reaching consequences are clearly reshaping and defining a new social, political and economic world order. In organic terms, this is reflected in monumental structural changes occurring in the processes of production and distribution in the global economy - primarily due to the integration of sophisticated technology into core enterprise operations. For the world of work, this has led to profound outcomes including changes in the organisation of work, labour and employment relations, and other labour characteristics.

The impact of the pervasive global economic regime on labour market and employment relations has been particularly profound. For instance, employment generation is increasingly skewed in favour of the informal sector. Also, we are witnessing the emergence of new forms of employment and work relationships. A good indicator of this is the growth in number of part-time workers and workers with fixed term contracts, as well as on-call and self employed workers. There are of course deeper social dimensions to this development. With the atomization and near-elimination of the middle (working) class in the classical sense of the usage, there is evidently an alteration in the balance of power among the industrial relations' interests. The challenge for workers and their organisations is considerable. The main concern here is the adverse effect of these developments on extant industrial relations practice.

These issues resonate in terms of their impact on the Nigerian labour market. There are other more specific developments relating to labour legislation and economic reforms. These issues come with challenges as they do with opportunities and are addressed in this volume. This book clearly contains incisive material on the Nigerian labour market and the global economy. It constitutes a significant contribution by Michael Imoudu National Institute for Labour Studies (MINILS) to industrial relations' scholarship and labour policy discourse in Nigeria.

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Matthew E. Egharevba

Introduction

Globalization as a concept today has become a mantra that means different thing to varied individuals, groups, organizations and nations the world over. It constitutes a mega trend in global political economy and has assumed a new phase in contemporary international economic relations. In defining globalization, varied scholars have attempted to explain the concept within the framework of recent economic, political, and environmental developments. Perraton (1997) sees it as a multidimensional phenomenon which is applicable to a variety of social action covering economic, political, legal, cultural, military, technological as well as environmental issues. Ibrahim (2002:3) opined that globalization is a syndrome of processes and activities which embodies a set of ideas and a policy framework organized around the global division of labour and power. Friedman (1996) perceptively conceived of globalization as the "loose combination of free trade agreements, the internet and the integration of the markets that is erasing borders and uniting the world into a single lucrative, but brutally competitive market place."

Correspondingly, the United Nations Conference on Trade and Development (UNCTAD) viewed globalization as the third layer of internationalization, the first being the expansion of international trade; the second was the financial integration which was witnessed in the 1970s; the third layer called globalization which started prominently in 1980s, was superimposed on the first two, by placing technology, especially Information Technology at the forefront of competition (UNCTAD, 1991). Hence, as Symonides (1998:28) argued, globalization is generally the process of growing interconnectedness and interdependence in the modern world that is generated by growing economic, political social and cultural links. In a broader perspective, Aina (1996) posits that globalization depicts "... the transformation of the relations between states, institutions, groups and individuals, the universalization of certain practices, identities and structures," as well as the global restructuring that has occurred in recent decades in the structure of modern capitalist relations.

Among the driving force of this current world economic integration is the growth of corporate activities midwife by multinational corporations, the revolution of information, communication and transportation technology which had made insignificant the issue of distance in economic activity. Fundamentally, this new phase of globalization has brought a "qualitative shift" in the way our societies are organized, such that people and their governments no longer have absolute control over key decisions that will shape their lives (McMichael, 2000: 275). For as Abubakar (2001:16) argued, globalization entails universalization where object, practices or even values transcend geo-political boundaries, penetrating the hitherto sovereign nation state and impacting the orientation and value system of people. However, this paper's central focus is to engage in the discourse of the economic dimension of globalization and the implications it has generated in terms of the increasing incidence of poverty and proliferation of the informal economy in a developing nation like Nigeria. This is critically so as the state of a nation's economy has a lot of influence it brings to bear on the society's political, social, cultural and human development well-being of the populace (Adedeji, 1999). It is within this context that we begin to situate the place and positioning of Nigeria and her people within the current global economic order of neo-liberalism vis-a-vis the impact it has and continues to have on the society over the last three decades. To achieve these objectives, the paper is structured into five sections. Following this introduction is section two which examines the conceptual issues of globalization, poverty and the informal economy. Section three provides the theoretical framework for assessing capitalist globalization and its implication for exacerbating the state of poverty and explosion of the informal economy. Section four contains policy implications and conclusions.

Conceptualizing Economic Globalization

Globalization is a multifaceted process that encompasses political, economic, social, and cultural dimensions characterized as a systemic decline in the barriers to the cross-national flow of products, factors (capital and people), values and ideas (Kaplinsky, 2001:46; Abubakar, 2001). Thus, current literature on the global economy defines globalization as a process in which there has been an unprecedented acceleration in the movement of information, capital, commodities and people propelled by the revolutionary trend in information technology that combines advancement in computing, electronics and telecommunications (Anderson, Cavanagh and Lee, 2000:425; Yaqub, 2003:45; Khor, 2003:1). Kwanashie (1999:17-20) perceptively see globalization as a process of increased integration of national economies of states with the rest of the international system in order to create a more coherent global economy. It is a set of institutions and ideological relations constructed by powerful social forces (e.g., managers of international agencies, states and firms, academic ideologies) as a historical project that seeks to stabilize capitalism through global economic management- this time along the lines of specialization, rather than replication (McMichael, *op cit.*, 279). From the perspective of the UNDP National Human development, globalization can be defined as a multidimensional process of unprecedented rapid and revolutionary growth in the extensiveness and intensity of interconnections on a truly global scale (UNDP, 2000/2001). However, economic globalization has become a prominent discourse over the past three decades as a result of the policy of neo-liberalization that has swept across the world, and has become the policy option for development of the south. The most important aspects of the current economic globalization are the breaking down of national economic barriers through technological advancement; the international spread of trade, financial and productive activities, and the growing power of transnational corporations (TNCs) and international financial institutions such as the IMF, the World Bank and World Trade Organization (WTO). In all, globalization is about the increasing integration of markets for input, goods, services and capital which is driven by a phalanx of powerful forces, particularly the TNCs, The World Bank/ IMF and leaders of most developed states especially the United States and Britain whose concerted sociopolitical actions are rationalized by the discourse of neo-liberal economies (Yapa, 2002:17).

The term economic neo-liberalism refers to a set of ideas rooted in the ideas of Adam Smith concerning the relationship between the state and the market. For him, classical liberalism was anchored on the *laissez-faire* principle-which states that government is best which governs least, and hence puts faith in the forces of the free, competitive market to guide production, exchange and distribution (Omo, 2004:222). The laissez-faire doctrine thrives on the precepts of personal liberty, the right to property, individual initiatives and individual control of enterprises. Today's neo-liberalism can be defined as including the following components: the primacy of the market, the reduction in public expenditure for social services, streamlining of government bureaucracies through job cuts and the privatization of the state-by divesting public investment and participation in commerce (Karlinger, 1997:2; Ajayi, 2005:204). Of the three key aspects of liberalization (finance, trade and investment), financial liberalization has been the most pronounced. A major feature of current globalization is the growing concentration and monopolization of economic resources and power by transnational corporations, and by global financial firms which promote the empowerment of the market, rapid liberalization and a minimalist role for the state in economic issues. This process has been termed "transnationalization", wherein fewer and fewer transnational corporations are gaining a large and rapidly increasing proportion of world economic resources, production and market shares through mergers and acquisitions, such that these TNCs now control a larger and larger share of the global market, whether in commodities, manufactures or services. For instance, it has been estimated that global commercial activity includes one trillion dollars daily in commercial transactions on global currency markets (Giddens, 2001:28).

However, the unique feature of the current globalization process is the "globalization" of national policies and policy making mechanisms which are dominated by government of the developed countries and by international institutions that are mainly under their influence. As such, national policies in the areas of economic, cultural, social and technological development which were under the jurisdiction of states until recently have come under the influence of international agencies or of big private corporations and economic/financial players. This situation has led to the erosion of national sovereignty (due to the liberalization of markets and development of technology) and narrowed the ability of governments and people to make choices from options in economic, political, social and cultural matters. Consequently, most developing countries like Nigeria have seen their independent policy making capacity eroded and have had to implement policies that are in line with the decisions and rules of international institutions such as the World Bank/IMF and the WTO, which may on balance be detrimental to the countries and the well-being of the people. In contrast, the developed countries where most of these major economic players reside and which also control the processes and policies of international economic agencies are better able to maintain control over their own national policies as well as determine the policies and practices of international institutions and the global economic system. This condition aptly captioned what Keohane and Dye (2000:82-97) described as "democracy deficit" in the globalization process where the wealthy countries and multilateral institutions conduct negotiations and take decisions (with global implications) for the countries of the south.

Given this context, a lot of questions have been raised about the unevenness of the globalization process in spite of the pace with which global integration of nations has increased over the past three decades. As such, the globalization trend has been characterized to have generated both gainers and losers. While many of the developed nations, particularly those with influence over the global political economy process have gained as openness has grown, the benefits of globalization have not been evenly spread as free market has been associated with growing unequalization and, in many cases, resulted in exacerbating the incidence of global poverty particularly in the south (Kaplinsky, *op cit:* 45). This uneven and unequal nature of the present globalization process is manifested in the fast-growing gap between the world's rich and poor people and between the developed and developing countries, and in the large differences among nations in the distribution of gains and losses (Neder Veen Pieterse, 2000:129). Thus, the process of globalization, wealth concentration, polarization and marginalization are therefore linked through the same processes.

Poverty

Since the 1960s, efforts have been made by scholars to redefine the goals of development from focusing on economic growth as an end in itself and, instead, emphasized welfare and human development with increase choices as the higher order objectives (Streeten, 1994; Sen 1999). To these scholars, human welfare has become the overall objective-the end of all human endeavours as well as all intermediate outcomes (UNDP 1996:54-5). This human development frame provides much reduced significance to growth in income, even though it is seen as a necessary but insufficient input towards advancement in human development. This development discourse was earlier preceded by the works of Dudley Seers, when in looking broadly at the context of development perceptively posed the pertinent question about what is happening to poverty, unemployment and inequality as the key reference points to look at in determining any country's level of development. As Seers submits:

> *... If all three of these (poverty, unemployment and inequality) have become less severe, then beyond doubt there has been a period of development for the country concerned. If one or two of these central problems have been growing worse, and especially if all three have, it would be strange to call the result 'development', even if per capita income had more than doubled (Seers, 1969).*

As such, since the 1990s development has come to be defined as a process of enlarging people's choices (UNDP, 1990). These choices include the opportunity to lead a long and healthy life, acquire knowledge; have access to resources needed for a decent standard of living, political freedom and human rights among others (Haq, 1995). This position emphasized the fact that development of human beings is –or should be the aim of all genuine development, and stressed that all other developmental objectives and strategies which run parallel with, or counter to, this singular goal run the risk of becoming anti-human development. It is these measures that have helped development scholars to focus attention on issues of unemployment, inequality and poverty which are the greatest enemies of humanity, and to see development as processes which may have dissimilar meanings and implications for different social groups. Thus, in looking at the globalization of poverty within the context of the present global economic order of liberalization, we need to have a broad understanding of what poverty represents. Poverty as a concept means the inability to achieve a certain minimum standard of living (Aigbokhan, 2000). It is an involuntary phenomenon of non-availability of goods and services essential for human needs which may be caused by either institutional or individual factors characterized by inefficient and non-rational use of current social and physical technology. It links the status of people to their access to scarce but valuable resources and livelihood strategies that ultimately affect their quality of life and existence. Poverty can either be absolute or relative. Absolute poverty exists where an individual or family is unable to command resources necessary to meet or satisfy the generally defined basic needs of life. Relative poverty involves the use of standards that are relative to a particular time or space. It deals with acceptable standards of living and style considered appropriate by members of a particular society. What these types of poverty have in common is the word-deprivations- which is the denial of access to basic needs of life such as food, shelter, healthcare and clothing which vary from one country to another and among people within a particular country.

Thus, a cursory view at the present globalization process indicates that it has given rise to risks, generated a number of negative consequences and challenges to development than benefits to most people particularly those in the developing countries. This is anchored on the fact that while the purpose of the market is the pursuit of material and financial wealth, it often forgets that the real wealth of a nation is its women and men, and that creating an enabling environment for people to enjoy long, healthy and creative lives is the purpose of development (UNDP, 1995:11). Be that as it may, proponents of globalization have painted a rosy picture about globalization and are euphoric about its effects and contributions to global welfare. For them, getting the price rights for goods and services, reducing government controls and deficits, privatization, and promoting exports creates new opportunities for growth and development (Edwards, 1995: viii, 364; Bryan and Farrell, 1996). In making case for the neo-liberal model to thrive, orthodox liberal supporters view globalization as a positive process that generate economic growth, improve trade and market performance, increase economy-wide efficiency and productivity, lower some consumer prices and inflation rates and universalize the quest for development defined as modernity. As Cox (1997:2) copiously submits, this conservative observers' faith in the efficacy and efficiency of globalization is predicated on its presumed ability to subject "workers and state to new discipline, eliminate waste of resources, reduce the power of the state, and so opening up new vista of individual freedom and opportunity.

In contrast, the critics of globalization see it as an exploitative phenomenon that sharpens inequality within and between states, increase poverty, and attack the social welfare capacity of states. For instance, Cox (1998:452) refers to its defining elements as its "anarchic and competitive character." Among the adverse effects of globalization raised are the loss of policy autonomy by governments on socioeconomic matters which is narrowed by the adoption of economic liberalization policies; financial openness; the risk of instability; and the phenomenon of marginalization (in which some countries, especially LDCs are unable to meaningfully participate due to problems of huge debt burden, weak infrastructure) and lack of capacity to develop industrial exports (Cox, 1997; Khor, *op cit*:99-100).

Thus, following Nigeria's integration into the current global world economic order since the 1980s, several questions have been raised with regard to the feasibility/capacity of the neo-liberal model to provide solution to the nation's state of underdevelopment as well as tackle the problems of poverty, unemployment and inequality (Mengisteab, 1995). This is critically so given the rise in the incidence of poverty, unemployment and inequality and the high social and human costs with which the free market reforms have been carried out to the detriment of the majority of the populace. For instance, since Nigeria began the implementation of neo-liberal economic reforms or Structural Adjustment Programme (SAP) in 1986, the socioeconomic condition of the people has exacerbated greatly. Available evidence revealed that the poverty level has increased over time from 27 percent in 1980 to over 54 percent in

2006 with a poverty index of 40 percent, and more than 70 of the population live on less than a dollar per day (IMF, 2007; FOS, 1997:99; 2003:2). In the same vein, the unemployment rate rose from 5 percent (1980-86) to 7 percent (1990-1998) and over 12 percent in 2007, the nation's GDP per capita fell from US$2,262.68 to US$ 673.01(1980-2004) and 1,011.73 in 2006, and the ratio of income distribution for the richest 20 percent of the population was 12.8 percent compared to 4.4 percent for the poorest 20 percent (CBN, 2007; ADB, 2006:205; UNDP, 2004).

Considering the depth of Nigeria's adoption of the free market-friendly reforms of privatization, deregulation and liberalization, the pertinent question being raised among development scholars is what specific efforts are being made toward decreasing the state of poverty and inequality in the country? It is therefore ironical to note that much of the recent discussion on development among policy makers and national governments in the south are no longer how nations can reduce poverty, unemployment and inequality, but how they can become better competitors in the global economy and protect their currencies and stock markets (Alejandro, 2000:353). Thus, the priority for less developed countries presently is to insert themselves in the commodity chains and circles of global finance in order to avoid economic and political marginalization. For Third World countries, globalization at best thus represent the latest phase in a centuries long process of integration into the world economy, beginning with colonization and then passing through a brief period of post-colonial economic development.

Given the present phase of globalization, the question of eradicating poverty ravaging the peoples of the world is far from being drastically altered despite the claims of its advocates that free market economy would generate employment, efficiency and productivity and enhance people's standard of living. Rather than marginalize the incidence of poverty, unemployment and inequality, it has magnified its significance. Hence, the globalization processes which centre on issues of market system do not pay greater attention on tackling the causes of poverty, inequities, social tensions and unsustainable development in the international system. Data shows that during the past two decades income gaps between the rich and the poor nations and between the rich and the poor people have widened significantly given the inherent accumulative nature of the market system under the capitalist mode. As such, the influential fallout from the consequences of globalization is poverty, unemployment and hunger which permeate most of the developing countries that have adopted the liberalization policy model of the Washington Consensus.

Informal Economy

Since 1986 Nigeria has been implementing the economic globalization ideology of deregulation, liberalization, stabilization and privatization as a remedy for her ailing economy which was preceded by the economic crisis of the late 1970 and 1980s. These measures have had the salient effect of initiating the withdrawal of the state from key sectors of the economy just as it has affected other sectors differently. The immediate consequence, of course, from this policy action has been the exposure of the modern industrial and business sector (formal sector) to international competition which has not been particularly helpful for their growth. Coupled with this is the import-dependent nature of production of most industries in the Third World country like Nigeria that continuously look to the west to source their raw materials, machineries and investment to sustain their survival.

At the level of industrial capacity utilization, most large trading companies and industrial enterprises are having it difficult to meet up to their full capacity production due to huge foreign exchange demands and high production costs associated with the exchange rate of the local currency in relation to other foreign currencies coupled with the decaying state of infrastructure. For instance, Nigeria's industrial capacity utilization which was 70 percent in 1980 before the advent of economic reforms or SAP in 1986, has dropped to 34 percent in 1999, increased marginally to 55 percent in 2004 and came down to 53 percent in 2006 (CBN, 2007). To cope with this socioeconomic condition, many firms have had to scale down production/ overhead cost, engage in job outsourcing or close down completely just as it is still the practice presently. At the same time, the public sector has also been experiencing contraction as a result of the cut-back in the size of government and the promotion of the private sector as the main driver of the economy (CBN, 1998). The direct consequences of these measures were a sharp decline in employment opportunities which left many workers without jobs or access to new ones due to incidence of retirement and retrenchment.

The outcome of this condition was such that many of those without formal jobs or wage employment had to turn to the informal sector to make a living. This happening has led to the rapid mushrooming of informal sector activities. Since then, the informal sector has emerged as an integral component of our national economy by serving as the "safety net" which provide employment and source of income generation for the people. Correspondingly, for more than two decades, the sector has expanded very fast and in many dimensions. It is now evident that the majority of the urban poor, as well as both the middle and high income urban working classes derive or supplement their incomes from this sector (Gafar and Umar, 2004; Bender, 2004).. This growth is part of the series of survival strategies people have adopted to weather the harsh realities of the economic crisis as well as the structural adjustment or post adjustment measures that have followed (Tripp, 1990:49).

Conceptually, the informal sector is increasingly being referred to as the "informal economy" in order to get away from the idea that informality is confined to a specific sector of economic activity to that which cuts across many sectors. Informal economy also emphasizes the existence of a continuum from the informal to the formal ends of the economy and thus the interdependence between the two sides (Becker, 2004). The term "informal economy" refers to all economic activities by workers and economic units that are-in law or in practice not covered or insufficiently covered by formal arrangements (Becker, *op cit*:11). Services of all kinds dominate the informal economy, including commerce (Shopkeepers, petty traders and street traders, etc.) which features prominently. In other countries, fabrication of all kinds or transportation dominates. Thus, the group of activities composing the informal sector may therefore be expected to vary from country to country and from town to town (Abumere, Arimah and Jerome, 1998:2).

However, since the time of Nigeria's adoption of economic reforms, the informal economy has experienced rapid expansion in response to contracting formal economies (Schaeffer, 2002). Simultaneous with this event was the dramatic rise in the number of graduates from the primary, secondary and tertiary institutions that have had to mushroom the informal economy to make a living as they could not find jobs in the formal sector. For instance, estimates show that the non-agricultural employment share of the informal workforce for Africa is 78 percent compared to 57 percent in Latin America and the Caribbean and 45-85 percent in Asia (Becker, *op cit*). Specifically, self-employment represents 70 percent of informal employment in sub-Saharan Africa (if South Africa is excluded, the share is 81 percent, 62 percent in North Africa, 60 percent in Latin America and 59 percent in Asia (ILO, 2002). In Nigeria, estimates suggest that the informal sector accounts for between 45 and 60 percent of the urban labour force; up from 25 percent in the mid-60s (Okunola, 2001:20). In the same vein, the CBN/FOS/NISER (2001) study on the informal economy revealed that the sector constitutes over 70 percent of the total workforce for non-manufacturing sub-sectors and generated a whooping 12.14 million jobs from 8.6 million informal sector enterprises. Moreover, all segments of the informal workforce-self-employed, casual, sub-contract, temporary/part-time workers and micro-entrepreneurs over the years have been experiencing growth. Consequently, informal wage employment in the developing world constitutes 30 to 40 percent of the informal employment outside of agriculture while the size of the informal economy in Africa is almost 80 percent and account for over 90 percent of the new jobs that are created.

From the foregoing, it is evident that the claims by proponents of globalization that the opening up of our national economy to the world would generate increased paid employment opportunities for the populace as well as tackle the problems of poverty and inequality is far from being realized (Loto, 2004). Rather, what has happened is that the World Bank and the IMF prescription of privatization, deregulation and liberalization has had no human face in its implementation as it did not lay emphasis on human development of the people. The underlying consequences of the global economic order is such that it has exacerbated the socio-economic problems of income inequality, unequal access to food, shelter education, health and other necessities of life for the world's population. Today, the poor are still getting poorer, albeit at a faster and harsher rate. Between 1989 and 1998, the poorest fifth of the world's population experienced a drop in its share of global income from 2.3

percent to 1.4 percent. Furthermore, 20 sub-Saharan African countries have lower per capita incomes in real terms than they had in the late 1970s. On the other hand, the richest fifth of the world has increased its share of the global income. In the case of Nigeria, the national GDP growth rate of 6.5 percent as presented by the nation's central bank has barely kept pace with the population growth of 2.8 percent and the value of their real income; as over 70 percent of the population still live on less than US$ 1 per day, life expectancy at birth has dropped from 52 years in 2002 to 42 years in 2006 and her position in the human development index has dropped from 151st in 2002 to 158 in 2005 (CBN, 2007; UNDP, 2006;2007). This fact clearly brings to fore the position consistently canvassed in the UNDP human development reports since the 1990 that human welfare and development does not necessarily follow the same path as economic growth, especially when nations implement specific set of policies that do not give primacy to "human priority" like the neo-liberal model of liberalization, privatization and structural adjustment which pursue goals that are unfriendly to the end goal of human development. Besides, the relevant question in the context of human welfare and development is not the quantity of economic growth but the quality of growth.

Besides, the neo-liberal policy has not been able to provide safety nets for the poor thus worsening the unemployment situation in the nation which has resulted in the rapid explosion of the informal economy. For instance, the Federal Research Division (2008) revealed that in 2007 Nigeria had an unemployment rate of 5 percent with an estimated labour force of 50.1 million. Of this number industry and manufacturing employed only 10 percent, agriculture had 70 percent and 20 percent in services. What these figures represent is that majority of the workforce are located in the informal economy as the formal labour markets have been unable to generate sufficient amount of jobs to absorb the continuously growing and many times unskilled workforce. What these conditions point to therefore is inconsistency of the neo-liberal model propositions that stressed that the benefits of economic reforms would "trickle down" to the poor or solve the problems of unemployment, poverty and inequalities in the Third World particularly sub-Saharan Africa. This fact was corroborated by Rodrik (1999) when he asserted that the globalization of the world economy in terms of global trade and investment patterns tend to privilege capital and disadvantage labour especially semi-skilled and unskilled workers that cannot migrate easily or at all. Consequently, globalization has fundamentally transformed the nature of employment relationship for these group (semi-skilled and unskilled) of people as it makes the demand for their services more elastic as it can be easily substituted by the services of other people across national boundaries. Obviously, since the advent of the latest globalization, poverty, mass unemployment and inequality have grown alongside the expansion of trade and foreign investment. This fact does portend danger for third world countries as a monolithic laissez-faire approach to development has caused immense harm than good. This is clearly manifested by the increasing ballooning of the informal economy in Nigeria which mirrors the level of the nation's economic performance in the era of economic globalization which has generated jobless growth. These occurrences summed up what Giddens (2001:33-34) observe when he opined that what we celebrate today as "global village" is nothing but a "global pillage." This position was further collaborated by Aina when he submits:

> *... any meaningful and relevant understanding of globalization... in Africa must go beyond the myths and ideologies of globalization... to the confrontation with the diverse but actual processes, how they unfold, their relationships with themselves and other social and economic relations and dynamics. Such an understanding must also recognize not only the complex but varied history of the processes being studied but it must reject a monolithic or homogenized understanding such as that found in the currently neo-liberal confrontation on the subject (quoted in Abubakar, 2001:16).*

Theoretical Context

In examining the state of economic and human development in sub-Saharan Africa, there is the need to evaluate the implications that globalization has had on the Nigerian economy. To attain this goal, we would employ the world system theoretical model in addressing the debate on the globalization of poverty in the informal economy which is central to our analytical discourse. However, it is vital to state here that several scholars' engagements with the globalization debate demonstrate a number of different perspectives depending on their ideological orientations. Most of these analyses have originated from two contrasting paradigms- namely globalization as interdependence based on economic integration and globalization as imperialism which derives from the platform of political economy genre that focuses on the social relations that evolve between parties in the process of production, distribution, exchange and consumption of material benefits.

Though mainstream approaches within development research have indeed showed some attention to the informal economy but, until the 1970s, mainly as a sector and a segment of society that was bound to disappear as a result of economic growth and structural transformation. The modernization theory perceived the informal economy as part of the traditional society which should be developed and replaced by modern institutions and practices. However, over the years it has become evident that these expectations by the modernization theorists were not fulfilled in the vast majority of developing countries as they experience one economic crisis to another. In contrast, many Third World countries have experienced greater growth in informal employment than in the formal sector. Thus, over the last three decades, varied scholarly interests have grown in reaching an understanding of this process as well as understanding the salient features of the informal economy and its own dynamics and challenges. As such, various positions have been put forward to explain why the sector has continued to grow in many developing countries particularly Africa and Asia. One of these explanations simply point to the fact that the labour force in most developing countries has grown much more rapidly than the jobs in the organized (formal) economy. Consequently, an increasing number of people have therefore been forced into seeking their livelihood in the informal economy, which has thus become an important target for their survival strategies (John, 1999:314). However, to focus on the thesis in discourse, we turn to the world system theory.

The world system theory as formulated by Wallerstein relates any society's development to its particular place in the world economic system. For him, capitalism was from the beginning an affair aimed at creating uniformities in the entire world (Wallerstein, 1974; 1989; Nabudere, 2000). As such, the latest phase of globalization represents the process of promoting internationalization of productivity and markets through the instrumentality of information and communication technology (Usman, 1999:48). The world system theory maintains that since there is but one world system, with capitalism being the dominant mode of production, integration into this system requires the adoption of an economy model consistent with global capitalism which has been broaden under the aegis of neo-liberalism. Accordingly, Wallerstein (1989) observed that incorporation of the Third World countries into the capitalist world economy was never initiated by them. Rather, capitalist expansion which started from the 16th century to the present globalization drive has arisen due to the pressure within the developed world economy to obtain greater resources and enhance the potential for profit maximization. This phenomenon of economic integration which has been carried on to the current globalization era represents what Ali Mazrui calls "the new global imperialism" which is an agenda pursued by the developed nations of the world in collaboration with the world financial and trade institutions such as the IMF/ World Bank and WTO. As such, globalization is a transformatory capitalist project whose primary aim was to build international capitalism on the foundations of open world trade and capital flows, privatization, freeing up of exchange controls, deregulation and liberalization measures.

Thus, the current globalization process remain locked in a hierarchy of zones which consists of core (Developed societies), semi-periphery (less developed countries), and a periphery (Developing nations). The core nations represented by the three major centres of world economic power such as: Japan, the nations of North America, Australia, New Zealand and member nations of the European Union dominate the capitalist world economy through massive economic strength based on their wealth, highest-quality manufacturing and services, and most advanced educational systems. Countries on the semi-periphery of the core like South Africa, Russia, the nations of Eastern Europe, the Middle East (Saudi Arabia and the oil-producing states of the Arabian peninsula), and Asia (South Korea, Singapore, Taiwan, Hong Kong, Malaysia), along with most of Latin America (Mexico, Argentina, Brazil, and others) are industrialized and competitive in world markets but at present lack the economic resources to join the core. Nations on the periphery, such as India, China, Central America, and Africa are economically disadvantaged, although some of them, like China, India have made strides towards the semi-periphery status (Shannon, 1989).

Hence, the world system theory sees each zone of the world economic system as increasingly different and polarized from the other with respect to development. This fact differs from the position of the modernization theory which suggests that a global pattern of convergence exists through industrialization in which all nations are pulled together toward a common point through economic inter-dependency. In contrast, the world system theory predicts that there will be convergence within zones; core countries will become economically similar. However, between zones there will be divergence, with the zones becoming less alike over time as the core develops relative to both the periphery and the semi-periphery and the semi-periphery relative to the periphery (Peacock, Hoover and Killian, 1988). In addition, economic inequality has continued to widen in the world as rich countries continue to prosper and poor ones fare badly in the global competition for world markets. As Wallerstein (1989:136) pungently submits, the most striking aspect of the global world economy is "the persistent long-term trade imbalance" between the core and the external areas particularly the satellite states. For instance, it has been observed that a country that has a high trade potential and engage in international exchange of tradable (export oriented manufactured) commodities is likely to benefit tremendously from globalization and give its products competitive strength in exchange with other product.

This trend has continued with the globalization policy of economic liberalization where many peripheral societies like Nigeria still provide only local markets, cheap labour and export of raw materials as they watch the major share of profits in the world economy go to the core (Wimberley, 1990). Similarly, most developing countries are still dependent on the core nations for consumer and manufactured goods, foreign investment, credits and aid which are mostly provided by multinational corporations and international banks such as the World Bank and the IMF under stringent regulations, and this measure has been found overtime to undermine development in the Third World countries especially sub-Saharan Africa. Thus, Ake (1995) saw globalization as a capitalist project that is structured to perpetuate the underdevelopment of Africa and other Third world countries that are on the fringe of the world capitalism. He further construed of globalization in terms of profit maximization where capital is marching around across the world in search of profits as facilitated by the expansion of multinational corporations. This fact was perceptively corroborated by Toyo (2000), who argued that globalization is an alternative imperialist policy deliberately designed to the developed nations to maintain their structure of impoverishment on their satellite states which do not have the resources and technology to compete on the global arena.

the world's populace particularly in the south. Rather, it has magnified its significance as a serious development dilemma. For as Lee (1997) points out, globalization has aroused much concern regarding its social and human repercussions particularly its effects on employment, income or wages and labour supply and utilization. The adverse influence of globalization on the labour sector can be seen as very prominent since the economic dimension of globalization has been the most dominant in government policy determination in the south. For instance, the neo-liberal policy of privatization, liberalization and deregulation has strongly affected the dynamics of the labour market in the Nigerian society. The mobility of labour has not improved fundamentally especially in the case of the majority of urban based semi-skilled and unskilled workforce. This has arisen as a result of the priority accorded to the promotion of international competitiveness in the rhetoric of public policy. A common view is that heightened international competition as a result of globalization increases pressures to cut costs, including labour costs, and to achieve greater flexibility in the production system. Thus, governments keen to retain and attract foreign investments make concessions and look the other way while the workers, especially in the face of debilitating unemployment scenario in most developing countries, are more or less left helpless to contend for their survival. This fact has therefore worsened the incidence of poverty, mass unemployment and inequality which has grown alongside the expansion of trade and foreign investment associated with economic liberalization.

Thus, it has been argued that the privatization of public sector enterprises, reduction in public sector investment and lowering government expenditure on social welfare (poverty alleviation) programmes have not served the interest of the masses. On the contrary, poverty, inequality and unemployment have actually worsened after free market reforms had begun. This fact is manifested by the level of deterioration in human development indices such as life expectancy, education, access to portable water, healthcare, economic, social, political empowerment and so forth. In this light, Stiglitz (2002:34) criticized the World Bank, the IMF and the WTO for their roles in exacerbating, rather than resolving, global economic crises. Among other things, he attacked the IMF for homogenizing, one-size-fits-all approach to economic development that fails to take into account national differences. Other scholars have also decried the role of the drivers of globalization such as western governments, western commercial banks, oligopolistic transnational firms as well as elites and neo-technocrats of the south for their failure to stem the tide of economic exploitation generated in the name of economic globalization (Duncan, 1995). This position was aptly captioned in the words of Xavier Gorostiaga (1993), when he observed that: "neoliberalism has united the elites in the south with those of the north and created the biggest convergence of financial, technological and military power in history" (Quoted in Duncan, Ibid: 23).

Thus, the whole process of globalization highlights not only the global character of capitalism, but also the fact that its expansion is the result of not economic growth but specific relationships of economic development which has given multinational corporations far more access to resources than was possible under colonialism. This tendency has brought to fore the criticism from scholars who opined that the neo-liberal policy that underlined globalization lacked human face as shown by its sweeping economic reform measures which stipulate government cut in food, housing and transport subsidies, privatization of state-run companies and trade liberalization (McMichael, 1996:36-7). These sweeping economic reforms of liberalization over the last two decades have been found to have fueled the growth of the informal sector in Nigeria due to the disappearance of public sector jobs arising from the policies of retrenchment, rationalization, restructuring that characterized both the public and private sector. These happenings which had continued over the years have brought about structural changes within the Nigerian labour market which consequently has consistently created structural and frictional unemployment problems in the country. Thus, it becomes instructive to state that except for the expansion of trade and foreign investment which have been broadened by the information technology, the current globalization is not any different from any other process of global integration. Thus, the problem of poverty and inequality which has been exacerbated by the process of globalization discourse must be constructed within the nexus of production relations driven by corporate globalism.

Challenges of the Informal Economy in Nigeria

The fate of the labour market in many developing countries has been the focus of externally sponsored economic initiatives since the 1980s. This fact was fundamentally brought to the fore in Nigeria following the advent of the adjustment programme or the post adjustment policies which marked a very significant impact of the globalization process. Accordingly, Adesina (1994) and Anugwom (2000) forcefully argued that the pursuance of the global agenda of privatization and liberalization has had its toll on Nigerian workers as a result of the misleading position propagated by the Bretton Woods institutions that saw the average African worker as an over-paid and pampered worker. This conception held that the African worker is one of the least productive in the world and the labour supply in Africa is inclined towards reduction as wages increase. In fact, it states that beyond a particular wage level, Africans will stop submitting themselves to labour but concentrate on enjoying what has been earned. As such, the neo-liberal economics as propagated by the World bank/IMF and its counterparts dictated that for Third World countries to achieve economic efficiency through easing her balance of payment deficits, it must engage in the streamlining of government bureaucracies through job cuts, divestitures in public enterprises and massive cut in social spending.

Be that as it may, the adoption of these macroeconomic panaceas from the Bretton woods Institutions has not helped the economy of the country in any significant measure in tackling the problems of poverty, unemployment and inequality currently facing many developing countries like Nigeria (Ayinde, 2008). For instance, the introduction of reform in the labour sector in Nigeria which was aimed at making the labour market flexible (through deregulation) had created unmitigated wage failures and long-lasting unemployment which constitutes the nucleus of the problems of labour today where thousands of people have lost their jobs all in the name of achieving competitiveness in the world market (Anugwom 2001). In addition, evidence has shown that in nations like Chile, Mexico, Bolivia, Nigeria where neo-liberal model has been adopted, poverty has become worse and the human development of the people had been on the decline. For instance, the UNICEF (2007) report for Nigeria indicated that over 70 percent of the population live below the 1US$ dollar per day, which is an increase from 27.2 percent in 1980, 43.6 percent in 1985 and 42 percent for 1992. In addition, the UNDP human development report for Nigeria had revealed that the human development ranking for the country since 1999 has been on the decline, with a life expectancy that has fallen from 52 years in 1999 to 43 years in 2006 (UNDP, 2006). Hence, it becomes critical to question the basic premise underlying the adjustment programme and subsequent post-adjustment economic policies in the country since labour reforms were seen as central to the implementation of the global economic model of neo-liberalism.

In the same vein, globalization has had direct and indirect consequences on the informal economy as the model was not conceived with the informal economy as a prime target. However, the policy of economic liberalism has some obvious implications for the informal economy and its activities given its role as a by-product of an open world economy (Amin, Cameron and Hudson, 2002). Firstly, the economic policy of institutional reforms which centred on market liberalization and privatization has stimulated the upsurge in the number of participants involved in the informal economy in Nigeria due to job losses in both the public and private sector. Besides, the rise in the informal economy reflects not only the incapacity of the formal sector to absorb labour, but also their unwillingness to do so. For instance, contrary to perceived expectations by advocates of globalization that the nation's adoption of economic reforms was undertaken to encourage greater employment opportunities, the unemployment rate in the country has been on the rise over the last decades as globalization favours capital over labour which made it convenient for multinational corporations and their counterparts in other countries to easily and quickly move their investment across borders to the disadvantage of workers that cannot migrate easily or at all (Yapa, 2002).

Secondly, the free market ideology has altered the nature, composition and structure of activities in the informal economy in Nigeria. For instance, the age and educational distribution of participants in the sector have changed over the last decades with more youths aged 21-49 years and with better educational qualification now occupying the sector. Accordingly, evidence from Development Policy Centre (2000) and Egharevba (2008) showed that unemployment has been unevenly distributed across the age groups with young people within the ages of 20-40 years dominating the sector, and many of them are predominantly secondary school leavers who invariably bear the burden of unemployment. Consequently, many of the entrants into the sector are located within the lower rank of activities such as petty trading or service provision because they require low skill and little capital investment which creates the problem of capacity building. This situation has had serious implication for income generation and accumulation given the subsistence (survival) nature of most enterprises that exist in the informal economy. Furthermore, due to evolutionary changes in the macro economy, the entrepreneurs in the informal sector are becoming younger and many of them do not have the requisite skills and capital which limit their business productivity and capacity to create avenue for more employment opportunities. These features, therefore, place a constraint on their capacity to plan, build and implement sound business strategy that would grow their enterprises.

Thirdly, most enterprises in the informal economy also suffer from the challenges of low technology utilization as most of the activities in the informal economy are labour intensive rather than capital intensive. This condition is further accentuated by the low level of industrialization in the country, which prevents Nigeria and the local entrepreneurs from benefiting adequately from the integration of goods and services across the globe given her low export performance especially in manufacturing. The lack of comparative advantage in manufacturing has limited the scope for specialization in all sectors of the economy, including the informal sector. With the mobility of all factors of production in the context of international specialization, it is obvious that only those countries with the requisite skills and capital would be able to compete in the global arena. With the current low level of comparative advantage in manufacturing, Nigeria will continue to be marginalized in its economic relations with the rest of the world, which goes to affirm the fact that informality is inversely correlated with the level of economic development, inept leadership, bad governance and corruption which permeate the country.

Other problems associated with the informal economy are lack of access to resources (capital and raw materials), decaying infrastructure, regulations regarding land use, and multiple taxation which have made their participation in development ineffective (Robert and Tybout, 1997; Mabogunje, 1994). As such, the activities of the sector are still marginalized, vulnerable and characterized by limited market and inadequate economic returns in the face of the present globalization process where the logic of the market has exacerbated the incidence of unemployment, poverty and misery, particularly for the people of the south.

Conclusion

In today's contemporary world, it is obvious that productivity and employment are issues central to the social and economic life of every country. As such, unemployment constitutes a vicious circle that explains the endemic nature of poverty in a nation while growth in productivity provides a significant basis for adequate supply of goods and services thereby improving the welfare of the people and enhancing social progress. Thus, a country with high productivity does not only increase competitiveness in terms of penetrating the world market, it is also characterized by very high capacity utilization (optimal use of resources), high standard of living, low rate of unemployment and social progress.

While it is recognizable that globalization has established closer interaction between national economies through trade, investment and capital flows, made possible by technological development and advancement in telecommunications, it has not increased human welfare for most of the world's population particularly those in the third world countries. Within the context of the ideological policy of openness and liberalization of national economies, globalization activities have been driven by multinational corporations, the multilateral and financial system, especially the Bretton Woods institutions and the WTO whose interests are more attuned to the developed world than developing countries. Increasingly, globalization has been regarded as a causal factor behind open unemployment with competition from low-wage labour in developing countries cited as the main culprit.

Thus, on the basis of the foregoing, the following recommendations are offered. This paper therefore stressed that for Nigeria to achieve any meaningful poverty reduction strategy in the face of globalization, there is the need to enhance and improve access to social services, including health and education. Expanding opportunities for the populace helps to boost social welfare as well as enhance their political empowerment. There is also the need to embark on an investment driven poverty-reduction employment strategy (PRES) that will fight poverty through job creation particularly in the area of agriculture where the country has the comparative advantage and the diversification of the economy from the dependence on oil. This approach is likely to trigger a broad-based economic growth that is pro-poor, while also addressing the interest of the rich through widening investment opportunities that put the issue of productive employment as a central but cross-cutting objective of economic development. As such, state policies must be targeted toward examining the dominant forms of social relations in the informal economy in order to understand the sector as well as determine those who actually need assistance and how to assist them. Thus, promoting the sector blindly might aggravate the processes of social and economic inequality, exploitation, oppression and marginalization which are currently rampant in the informal economy. Finally, for Nigeria to benefit from globalization, efforts should be made to develop adequately its human capital. This critical factor of production provides the key to understanding problem of poverty and inequality within the framework of the globalization discourse which is constructed within the nexus of production relations. For without human capital, any attempt to engage the globalization process would be futile. Above all, good governance, transparency and accountability are desirable for the sustainability of a strong and competitive national economy.

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