Minimum Wage Increases and the Welfare of Civil Servants in Nigeria's Fourth Republic: A Comparative Analysis of Lagos and Osun States

AbdulRasheed Hamza Bamidele[1], AbdulRauf Ambali[2] & Aliyu Lukman Olalekan[3]
[1, 2 & 3] Department of Politics and Governance, Kwara State University, Malete, Nigeria

***Corresponding Author's email**: *hamza.abdulrasheed@kwasu.edu.ng*

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Abstract

This study examines the impact of minimum wage increases on civil servants' welfare within the context of Nigeria's Fourth Republic, focusing on Lagos and Osun States. Minimum wage policies play a crucial role in addressing economic inequality and improving living standards, yet their effectiveness in Nigeria faces significant challenges. The study employs both quantitative and qualitative methods, analysing survey data from civil servants to assess the effectiveness of minimum wage policies in addressing welfare issues. A total of 400 questionnaires were distributed, with 347 valid responses returned. Quantitative analysis using descriptive and inferential techniques, alongside thematic analysis of qualitative data, reveals that while minimum wage increments aim to improve living standards, challenges such as budget limitations, inflation, and administrative inefficiencies hinder their implementation. In Osun State, economic constraints, including delayed salary payments, emerged as significant barriers, while in Lagos, higher internally generated revenue enables smoother implementation, though rising living costs erode purchasing power gains. The study concludes that barriers such as inflation, budgetary constraints, and administrative challenges eroded and limit the benefits of minimum wage and recommends regular assessments, strengthened administrative capacity, and complementary welfare programs to enhance its effectiveness.

Keywords: Civil Service, Minimum Wage, Welfare, Osun, Lagos

1.1 Introduction

The minimum wage policy is a significant aspect of labour economics and public administration, designed to ensure that workers, particularly those in lower echelons of the workforce, receive a wage that meets basic living standards. In Nigeria, the discourse around minimum wage has been contentious, particularly regarding its impact on civil servants' welfare and industrial harmony. Since the Fourth Republic began in 1999, various minimum wage increases have been implemented with mixed results. The debate largely revolves around the adequacy of these increases, uneven implementation across states, and the broader socio-economic impact on public sector workers. The variation in implementation between Lagos and Osun states offers a fertile ground for comparative analysis, given their differing economic capacities and approaches to labour policies.

The civil service, as the largest employer in the public sector, has been at the centre of these minimum wage policies. Civil servants, especially in the lower cadre, often rely solely on their wages to meet their financial obligations, making wage increases a critical factor in determining their quality of life. AbdulRasheed et al (2024) note that the minimum wage debates in Nigeria have often been shaped by the federal government's political will and the economic realities facing individual states. While Lagos, with its diverse economic base, has managed to implement wage increases effectively, Osun, a state with limited fiscal capacity, has struggled with the same, leading to a disparity in civil servants' welfare between the two states.

In 2024, the Nigerian government approved a new minimum wage increase to ₦70,000, aimed at addressing the growing economic challenges faced by workers. This decision came in response to rising inflation and the skyrocketing costs of goods and services, which had eroded the purchasing power of the previous minimum wage of ₦30,000. However, despite this approval, the implementation of the ₦70,000 wage increase has been inconsistent across states, with many, including Osun, yet to adopt the new wage structure. Lagos, on the other hand, had already been paying a wage award of ₦35,000 prior to the federal government's announcement, effectively bringing the total wage in the state to ₦70,000 upon the new approval. This has further widened the welfare gap between civil servants in Lagos and those in other states like Osun, where the wage structure has remained stagnant.

The minimum wage system in Nigeria has undergone several adjustments in response to economic pressures and labour demands. At the start of the Fourth Republic, the minimum wage stood at ₦5,500, which was significantly below the cost of living, particularly in urban areas. The Nigerian Labour Congress (NLC), representing civil servants and other labour groups, has consistently advocated for periodic reviews of the wage structure to reflect inflationary trends and the rising cost of living (Adewale, 2020). In 2011, following intense negotiations, the minimum wage was increased to ₦18,000, and later to ₦30,000 in 2019, following another wave of industrial action.

Despite these increases, the implementation has been uneven across states, with many subnational governments citing insufficient revenue as a barrier to compliance. This has particularly been the case in Osun State, which has repeatedly sought exemptions or phased implementations due to its economic constraints (Ogunbiyi, 2021). Lagos State, on the other hand, with its high internally generated revenue (IGR), has been more consistent in adhering to wage increases, often going beyond the federal minimum.

The recent approval of the ₦70,000 minimum wage in 2023 was seen as a potential remedy to the ongoing economic challenges facing Nigerian civil servants. However, as many states, including Osun, struggle to implement this new wage level, civil servants are increasingly unable to cope with the rising costs of essential goods and services. For civil servants in states that have yet to implement the new wage, the gap between income and living costs has continued to widen, further deteriorating their living standards (Abdulrasheed et al, 2024). This situation has been exacerbated by the delay in implementation across the majority of Nigerian states, leaving civil servants in a precarious financial position.

The welfare of civil servants is closely linked to the minimum wage policy. Civil servants, particularly those in the lower and middle-income brackets, rely heavily on their salaries for their livelihood. Inadequate wages could lead to a decline in their quality of life, as inflation erodes the purchasing power of stagnant salaries. As AbdulRasheed et al (2024) point out, while the federal government plays a crucial role in setting the minimum wage, the responsibility of implementation rests largely with state governments, leading to disparities in how civil servants are affected by wage increases. This uneven implementation has had a direct impact on the welfare of civil servants, with those in wealthier states like Lagos enjoying better remuneration and improved living conditions compared to their counterparts in economically weaker states like Osun.

Lagos State has recently approved a new minimum wage of ₦85,000, setting a national benchmark for other states. However, many states have not yet implemented this wage, and civil servants in those regions are still earning the old minimum of ₦30,000 or slightly more. As a result, they face increasing financial pressures, struggling to afford necessities such as food, healthcare, and education, particularly as the cost of living continues to rise (Adewale, 2024). Lagos State, having already implemented a ₦35,000 wage award, has managed to bridge this gap by ensuring civil servants earn ₦70,000, with the new ₦85,000 wage expected to further cushion the effects of inflation. However, other states, including Osun, are lagging in this regard, leaving their civil servants financially strained and behind in terms of wage policy improvements.

Osun State, in contrast, has recently set a minimum wage of ₦75,000, reflecting an effort to address the economic challenges facing its public sector workers. While this increase is a positive development compared to the federal minimum wage of ₦30,000, the state still faces financial constraints that hinder the timely and full implementation of this wage structure. The fiscal limitations of Osun State, which largely depends on federal allocations and has limited internal revenue, have made it difficult to fully meet its wage commitments. This leaves civil servants in Osun in a somewhat better position than before but still behind their counterparts in more economically robust states like Lagos.

Lagos and Osun present contrasting cases of how minimum wage increases have affected civil servants' welfare in Nigeria's Fourth Republic. Lagos, as the commercial hub of Nigeria, has a robust economic structure that allows it to generate significant revenue internally. This financial strength has enabled the state to not only meet the federal minimum wage requirements but also offer higher salaries and better working conditions for its civil servants. As a result, civil servants in Lagos have experienced a higher standard of living compared to their counterparts in other states (Olowe, 2023).

Osun, on the other hand, is a largely agrarian state with limited industrial activity and lower revenue generation capacity. The state's fiscal constraints have meant that it struggles to implement wage increases fully, with civil servants often facing delays in salary payments and inadequate allowances. According to Oke (2024), this disparity in financial capacity has resulted in civil servants in Osun experiencing lower living standards, with many relying on supplementary income sources to meet their basic needs. Moreover, the fact that many states have not yet adopted the new ₦70,000 minimum wage despite the rising cost of goods and services further exacerbates the financial hardship of civil servants, making it increasingly difficult for them to maintain healthy living conditions

1.2 Statement of the Problem

The issue of minimum wage increases and their impact on civil servants' welfare in Nigeria has been a persistent challenge, particularly since the Fourth Republic.

Despite periodic wage increases by the federal government aimed at mitigating the effects of inflation and the rising cost of living, the uneven implementation across states has exacerbated welfare disparities among civil servants. The recent approval of ₦70,000 as the minimum wage in 2024 has highlighted these issues, as states like Lagos have implemented the wage increase to be N85,000 while others, such as Osun, have approved ₦75,000. This lack of uniformity has left many civil servants in a state of economic uncertainty (Ogunbiyi, 2024).

The core problem stems from Nigeria's fiscal federalism, where states have autonomy over their finances but are still bound by federally mandated wage laws. Lagos State, with its diversified economy and substantial internally generated revenue (IGR), has successfully implemented the federal minimum wage requirement and supplemented it with additional wage awards, effectively paying civil servants ₦70,000 since 2023. Recently, Lagos has approved a new increase to ₦85,000, reflecting its robust fiscal capacity (Olowe, 2024). In contrast, other states like Osun, which rely heavily on federal allocations and lack sufficient revenue generation capacity, have approved a ₦75,000 wage but have struggled with full implementation of consequential adjustment (Oke, 2024).

This disparity in wage implementation has resulted in significant differences in civil servants' living standards across states. Civil servants in wealthier states, such as Lagos, enjoy better compensation and higher quality of life, while those in states like Osun face financial strain despite the approved ₦75,000 wage. The inability to fully implement the wage structure in Osun has left civil servants with wages that are insufficient to meet the rising costs of goods and services, exacerbating inflationary pressures and diminishing overall welfare (AbdulRasheed, 2022).

The uneven implementation of the minimum wage has broader implications beyond civil servants' welfare. It contributes to industrial unrest and undermines the efficiency of the civil service. In states like Osun, where the minimum wage has not been fully implemented, civil servants often face delayed salary payments, inadequate allowances, and poor working conditions, which can lead to strikes and a demotivated workforce (AbdulRasheed, 2022). On the other hand, in Lagos, the timely implementation of wage increases has fostered industrial peace, improved employee motivation, and enhanced public sector productivity (Olowe, 2023).

The delay in implementing the ₦70,000 minimum wage in many states, including Osun, has had significant social and economic consequences. Civil servants who have not fully benefited from the wage increase face growing financial hardship, with stagnant wages amid rising costs of living. This has forced many to seek supplementary income through informal or secondary employment, which in turn reduces their efficiency and productivity in the public sector (Adewale, 2023).

This ongoing failure to implement the minimum wage system highlights deeper issues of inequality and governance within Nigeria's federal system. The economic disparity between states has resulted in unequal outcomes for civil servants, where those in wealthier states benefit from wage increases, while their counterparts in states like Osun remain financially disadvantaged. As Adewale (2023) argues, this situation undermines the principle of equity in public policy, as civil servants across Nigeria should receive a living wage that accurately reflects the realities of the modern economy. Based on these premises, an attempt was made to provide answers to the following research questions:

a. What are the economic and administrative challenges hindering the implementation of the minimum wage?
b. How have minimum wage increases impacted the welfare of civil servants during Nigeria's Fourth Republic?

Therefore, the objective of this study is to identify the economic and administrative challenges hindering the implementation of the minimum wage. Also to examine the impact of minimum wage increases on the welfare of civil servants during Nigeria's Fourth Republic.

2.0 Literature Review

2.1 Conceptual Clarifications

1. Minimum Wage

Minimum wage is a statutory minimum amount that employers are required to pay their employees for the work performed during a given period, typically expressed as an hourly, daily, or monthly rate. It is a policy instrument designed to ensure that workers earn a basic standard of living and protect them from exploitation. Minimum wage laws vary across countries and regions, reflecting differences in economic conditions, labour market dynamics, and social welfare considerations. Despite its widespread implementation, debates surrounding the minimum wage often centre on its potential impacts on employment, inflation, and poverty alleviation.

According to Brown (1999), the minimum wage is "the lowest wage that an employer is legally allowed to pay a worker." It serves as a form of labour market intervention that sets a floor for wages, ensuring that workers receive a basic income that meets certain minimum standards of living. The International Labour Organization (ILO) defines the minimum wage as "the minimum sum payable to a worker for work performed or services rendered, within a given period, which may not be reduced either by individual or collective agreement."

Minimum wage laws emerged in response to growing concerns about the exploitation of workers, particularly during periods of rapid industrialization. They are designed to protect vulnerable workers, especially those in low-skilled or entry-level positions, from being paid less than what is deemed necessary to live a decent life. In essence, it acts as a safety net for the working population, particularly in sectors where collective bargaining and union representation are weak or non-existent (Stigler, 1996).

The primary objective of minimum wage legislation is to prevent workers from being exploited by setting a legally binding wage floor. This wage floor is designed to reflect the cost of living, ensuring that employees are able to afford basic necessities such as food, housing, and healthcare. As noted by Freeman (1996), minimum wages can be seen as part of a broader effort to achieve social equity by redistributing income from employers to lower-wage workers. Furthermore, minimum wage laws serve as an anti-poverty tool. By setting a minimum income level, governments can reduce the incidence of poverty among workers, particularly those in low-paying sectors. As Neumark and Wascher (2008) argue, the minimum wage can help lift individuals and families out of poverty, provided it is set at an adequate level relative to the cost of living.

However, the effectiveness of the minimum wage as a poverty reduction tool is subject to debate. Some scholars, such as Card and Krueger (1995), suggest that raising the minimum wage can lead to job losses, particularly among low-skilled workers. This is because employers may respond to higher labour costs by reducing the number of workers they employ or by automating certain tasks. On the other hand, other studies, such as those by Dube, Lester, and Reich (2010), argue that the negative employment effects of minimum wage increases are often overstated and that such policies can lead to higher earnings for low-wage workers without significant job losses.

2. Wage Increase

A wage increase refers to the upward adjustment of the amount of compensation workers receive for their labour. Wage increases can be driven by various factors such as inflation, changes in labour laws, collective bargaining, or improvements in worker productivity. This adjustment is crucial for maintaining the purchasing power of workers, promoting economic stability, and ensuring fair compensation in a dynamic labour market. Like minimum wage, wage increases have wide-ranging economic, social, and political implications, affecting both employers and employees, as well as the broader economy.

There are several types of wage increases that can occur, each with different motivations and effects. One common type is ***cost-of-living adjustments (COLA),*** where wages are increased to account for inflation and rising living costs. This ensures that employees maintain their purchasing power even as the cost of goods and services rises. According to Smith (2007), COLA increases are crucial in preventing a decline in the real wages of workers, especially during periods of high inflation.

Another form of wage increase is ***merit-based raises,*** which are tied to employee performance. In such cases, employers reward workers for their contributions, productivity, or achievements. By linking pay increases to performance, companies incentivize workers to improve their efficiency and contribute more to organizational goals (Baker et al., 1994). Similarly, ***promotional increases*** occur when an employee moves to a higher position within an organization, resulting in a wage boost to reflect increased responsibility or skill level.

Several factors can drive wage increases in an economy. One of the most common drivers is inflation**,** which erodes the purchasing power of wages. As prices for goods and services rise, workers demand higher wages to maintain their standard of living. This is particularly relevant in countries experiencing high inflation rates, where wages must be periodically adjusted to prevent a decline in workers' real income (Neumark and Wascher, 2008). ***Labour market dynamics*** also play a role in determining wage increases. In periods of low unemployment, workers have greater bargaining power, as employers must offer competitive wages to attract and retain talent. Conversely, in a labour market with high unemployment, employers may be less willing to grant wage increases due to an oversupply of available workers (Freeman, 1996). ***Union activities and collective bargaining*** are another significant factor influencing wage increases. Unions often negotiate wage raises on behalf of their members to ensure fair compensation and improve working conditions. As noted by Card and Krueger (1995), unions have historically played a key role in securing wage increases for workers, especially in sectors where individual workers have limited negotiating power.

Wage increases have both positive and negative effects on the economy, depending on how they are implemented and the broader economic context. On the positive side, wage increases can lead to ***higher consumer spending,*** which drives economic growth. When workers receive higher wages, they tend to spend more on goods and services, boosting demand and stimulating the economy. Keynesian economists argue that wage increases can create a virtuous cycle of rising demand, increased production, and further job creation (Keynes, 1936). Additionally, wage increases can improve ***employee morale and productivity.*** Workers who feel adequately compensated are more likely to be motivated, loyal, and engaged in their work. This, in turn, can lead to higher productivity and better organizational performance (Brown, 1999). Governments can also use wage increases as a tool for redistributing income and promoting social equity. Policies such as minimum wage hikes or wage adjustments for public sector workers can directly influence the earnings of low- and middle-income workers, helping to create a more equitable distribution of wealth (Dube et al., 2010).

3. Civil Servants' Welfare

Civil servants' welfare refers to the range of benefits, protections, and support mechanisms provided to government employees to ensure their well-being, motivation, and job satisfaction. Welfare policies for civil servants typically include salaries, pensions, healthcare, housing allowances, and other social safety nets. The welfare of civil servants is crucial not only for their individual well-being but also for the effective functioning of public administration and the delivery of government services. Well-motivated civil servants tend to perform better, which in turn enhances governance and public sector efficiency. The welfare of civil servants plays a critical role in the functioning of government institutions. As the backbone of public administration, civil servants are responsible for implementing government policies, delivering essential services, and maintaining order. Without adequate welfare provisions, the effectiveness of the civil service can be compromised, leading to poor public service delivery, low morale, and high rates of corruption and absenteeism (Adegoroye, 2005).

One of the primary components of civil servants' welfare is ***fair and competitive remuneration***. A well-compensated civil service ensures that employees are motivated and able to meet their basic needs. When civil servants are paid adequately, they are more likely to focus on their duties, reducing the likelihood of engaging in corrupt practices or moonlighting to supplement their income. As Akeem (2011) argues, adequate compensation is a vital determinant of job satisfaction and commitment to public service. Another crucial aspect of welfare is ***healthcare and pension benefits***. Access to affordable healthcare ensures that civil servants can maintain their health, reducing absenteeism and increasing productivity. Pension schemes provide financial security after retirement, allowing civil servants to plan for the future and feel secure in their employment. According to Olanrewaju (2014), a comprehensive pension system is essential for retaining experienced personnel and maintaining institutional memory within the civil service.

Despite the importance of welfare provisions, civil servants in many countries face numerous challenges related to inadequate and irregular welfare benefits. One common issue is ***low and irregular salaries.*** In several developing nations, civil servants are often paid wages that are below the cost of living, making it difficult for them to meet their basic needs. Moreover, salary delays are a frequent problem, leading to financial instability and dissatisfaction among workers. As observed by Mbah (2019), poor working conditions**,** inadequate pension system and irregular salary payments contribute to low morale and encourage corruption as civil servants may resort to unethical practices to make ends meet. Furthermore, ***political interference*** in the management of civil servants' welfare can create instability and uncertainty. Changes in government or leadership can result in shifts in welfare policies, leading to inconsistency in the delivery of benefits. For example, pension schemes or housing allowances may be altered or eliminated, causing confusion and dissatisfaction among civil servants (Oluwatobi, 2015).

2.2 Theoretical Framework

Living Wage Theory

The Living Wage Theory is closely associated with Henry Mayers Hyndman, a British socialist and a key figure in the labour movement during the late 19th century. While Hyndman is not the sole founder, he was among the prominent proponents advocating for the idea that workers should earn a wage sufficient to meet basic living standards. The concept of a living wage emerged around the 1880s and 1890s**,** in response to the harsh working conditions of industrial capitalism, particularly in the United Kingdom and the United States. During this time, many workers were paid wages that were too low to afford necessities such as food, housing, healthcare, and education, sparking calls for reform. Living Wage Theory argues that wages should not just reflect the market value of labour, but should also be high enough to allow workers to lead dignified lives, free from poverty. Unlike minimum wage laws, which set a statutory floor for wages that may not always correspond to the local cost of living, the living wage is designed to align more closely with the actual costs of living in a given region. Proponents of this theory believe that all workers deserve compensation that allows them to meet their essential needs, thereby enabling them to participate fully in society.

The living wage is not just about economic fairness; it is rooted in principles of social justice**.** Advocates argue that fair wages are a moral imperative, ensuring that workers do not have to choose between survival and full-time employment. The theory is tied to broader movements for economic equality**,** workers' rights, and social welfare**,** emphasizing that labour markets should work to support the well-being of individuals and families rather than merely reflect the forces of supply and demand. By ensuring that workers earn enough to live with dignity, the living wage concept seeks to reduce poverty and promote a more equitable society.

Relevance of Living Wage Theory to the Study

The Living Wage Theory provides a critical lens for examining the issue of minimum wage increases and their impact on civil servants' welfare in Nigeria's Fourth Republic. This theory emphasizes that wages should be sufficient to cover necessities such as food, housing, healthcare, and education, thereby ensuring a dignified standard of living for workers. In the context of Nigerian civil servants, particularly in states like Lagos and Osun, the application of the Living Wage Theory underscores the importance of aligning wage policies with the realities of the cost of living, rather than treating them as mere nominal adjustments.

In Lagos State, where the minimum wage has been increased to ₦85,000, the principles of the Living Wage Theory appear to be better realized. The state's robust internally generated revenue has enabled the government to implement wage increases that more closely reflect the rising cost of living. This proactive approach not only improves the financial stability of civil servants but also boosts their morale and productivity, creating a more motivated workforce capable of delivering quality public services. By contrast, in Osun State, where the minimum wage has been approved at ₦75,000 but faces challenges in full implementation (i.e. consequential adjustment implementation), civil servants continue to grapple with economic pressures. This disparity highlights how the Living Wage Theory can serve as a benchmark for addressing the welfare gap between states with differing economic capacities.

The Living Wage Theory also ties directly to the broader goals of social justice and economic equality. Ensuring that civil servants receive a wage that meets their basic needs is not merely a matter of financial policy but also an ethical obligation. Adequate wages reduce the need for supplementary income from informal jobs or unethical practices, allowing civil servants to focus fully on their roles. In states where the theory is not adequately applied, such as Osun, civil servants are more likely to experience financial strain, which can lead to lower productivity, increased absenteeism, and even industrial unrest.

Moreover, the theory underscores the role of wage policies in addressing income inequality. By ensuring that public sector workers across all states receive a living wage, the government can promote greater social stability and reduce the economic disparities that often lead to civil dissatisfaction. For instance, the wage adjustments in Lagos have had a ripple effect, setting a benchmark for other states and demonstrating the feasibility of aligning wages with the cost of living when revenue generation is prioritized. Ultimately, the Living Wage Theory highlights the need for wage policies that not only mitigate inflationary pressures but also ensure that civil servants can live with dignity. In the context of Nigeria, where fiscal federalism creates significant variations in state capacities, the theory advocates for a more equitable approach to wage implementation. This would involve federal and state governments working collaboratively to ensure that all civil servants, regardless of location, are adequately compensated to meet their basic needs and contribute effectively to national development.

3.0 Methodology

The study employed a descriptive survey methodology, sourcing data from both primary and secondary sources. The population size of this research work encompassed two states (Osun and Lagos) with a total population approximated at 36,894 (Survey-field, 2024). To determine the appropriate sample size, the Taro Yamane formula was employed, as it is a reliable statistical tool for calculating a representative sample from a finite population. According to Israel (1992), the formula is expressed as follows:

$$n = \frac{N}{K + N(e)^2}$$

Where: n = Sample size
N = Total population (Osun and Lagos States)
k = 1
e = 0.05%
n = 36,894

$$n = \frac{36,894}{1 + 36,894\,(0.05)^2}$$

$$n = \frac{36,894}{1 + 36,894\,(0.0025)}$$

$$n = \frac{36,894}{1 + 92.235}$$

$$n = \frac{36,894}{93.235}$$

n = **396**

Therefore, the sample size for the study is 396. A total of 396 copies of the questionnaire were distributed to all target populations. To make sure that each population is proportionally represented in the sample, the researchers did a proportional calculation. The first step in this process is to divide the population of each state by the 36,894 total population, then multiply the resulting number by the 396-sample size. This process is demonstrated in the following table.

Table 1: Number of Allotted Questionnaires to the Target Population

S/N	Target Respondents MDAs	Population	Calculations	Allotted Questionnaire
		Osun State		
1	Osun State Universal Basic Education Board (SUBEB), Osogbo (*Administrative & Field Officers)*	16012	16012÷36,894×396=172	172
2	Osun State Ministry of Finance, Osogbo	107	107÷36,894×396=2	2
3	The Head of Service, Office of the Head of Service, Osogbo	483	483÷36,894×396=5	5
4	Osun State Council for Arts and Culture, Osogbo	308	308÷36,894×396=3	3
5	Osun State Teaching Service Commission (TESCOM), Osogbo (*Instructors & Pool officers*)	16905	16905÷36,894×396=181	181
		Total		**363**

		Lagos State		
6	Lagos State Universal Basic Education Board (SUBEB) (*Administrative Officers*)	954	954÷36,894×396=10	10
7	Lagos State Ministry of Finance	131	131÷36,894×396=2	2
8	The Head of Service, Office of the Head of Service, Lagos State	391	391÷36,894×396=4	4
9	Lagos State Council for Arts and Culture	1032	1032÷36,894×396=11	11
10	Lagos State Teaching Service Commission (TESCOM) (*Administrative Officers)*	571	571÷36,894×396=6	6
		Total		**33**
	Grand Total	**36,894**		**396**

Source: Fieldwork, 2024

The above illustrates how the questionnaire was effectively distributed to all target populations. This distribution strategy facilitated the collection of data for the study and guaranteed a high response rate.

Table 2: Respondents Rate

S/N	Items	States		Number	%
1	Quantity sampling	Osun	363	396	
		Lagos	33		
2	Quantity of completed and duly returned	Osun	319	347	88%
		Lagos	28		
3	Quantity received but incompletely filled	Osun	11	13	3%
		Lagos	2		
4	Quantity of unresponsive respondents	Osun	33	36	9%
		Lagos	3		
	Total			396	100%

Source: Fieldwork, 2024

Three hundred and Ninety-Six (396) questionnaires were administered to selected populations both in Osun and Lagos States; thirty-six (36) participants in all were unable to be contacted. Out of the 396 questionnaires that were administered; three hundred and Sixty (360) were successfully retrieved but three hundred and forty-seven (347) questionnaires were correctly and accurately completed.

4.0 Results and Discussions

Table 3 Demographic Characteristics of Respondents

Gender	Frequency	Percentage
Male	233	67.1%
Female	114	32.9%
Total	**347**	**100%**
Age	**Frequency**	**Percentage**
30-40	85	24.5%
41-50	166	47.8%
51-60 Above	96	27.7
Total	**347**	**100%**
Education	**Frequency**	**Percentage**
ND/NCE	127	36.6
HND/B.Sc.	175	50.5
Master/PhD	45	12.9
Total	**347**	**100%**

Source: Fieldwork, 2024

Table 3 indicates that there is an overwhelming preponderance of male respondents. The table shows sixty-seven point one per cent (67.1%) of male and thirty-two point nine per cent (32.9%) of female. It is equally indicated on the table, the age group of the respondents: the figure indicates that individuals between the ages of 30 - 40 years widely represent with a response of twenty-four point five per cent (24.5%). An individual between the age of 41 - 50 years constitutes most of the responses in this survey with forty-seven point eight per cent (47.8%) while twenty-six point seven per cent (27.7%) represents individuals between the ages of 51-60 years and above. The table also displays the educational qualifications of the respondents; most of the respondents have qualifications up to the university and polytechnic levels. Thirty-six point six per cent (36.6%) hold NCE/ND, while fifty point five per cent (50.5%) respondents hold HND/B.Sc. Also, twelve point nine per cent (12.9%) respondents hold a Master/PhD. All educational levels were duly represented in this questionnaire and it's expected that the respondents provide information concerning Minimum Wage Increases and Civil Servants' Welfare in Nigeria.

The fourteen (14) research questions were tailored to seek information from the respondents about their opinions on the issue of Minimum Wage Increases and Civil Servants' Welfare in Nigeria.

Table 4, Key: SA (Strongly Agreed), **A** (Agreed), **U** (Undecided), **D** (Disagreed), **SD** (Strongly Disagreed)

What are the Economic and Administrative Challenges Hindering the Implementation of the Minimum Wage?									
S/N	**Statement**	**States**	**SA 5**	**A 4**	**U 3**	**D 2**	**SD 1**	**Total**	**Aggregate Response**
1	Economic constraints (e.g., budget, inflation) significantly hinder the implementation of the minimum wage.	Osun	79 (24.8%)	**85 (26.7%)**	9 (2.8%)	70 (21.9%)	76 (23.8%)	319 (100%)	Agreed
		Lagos	6 (21.4%)	**12 (42.9%)**	1 (3.6%)	3 (10.7%)	6 (21.4%)	28 (100%)	Agreed
2	The lack of administrative capacity (e.g., Enforcement Mechanisms etc) is a major obstacle to implementing the minimum wage effectively.	Osun	73 (27.1%)	**81 (34.7%)**	19 (2.6%)	71 (19.1%)	75 (16.5%)	319 (100%)	Agreed
		Lagos	5 (17.8%)	3 (10.7%)	2 (7.2%)	**11 (39.3%)**	7 (25%)	28 (100%)	Disagreed
3	Poor management in government agencies negatively impacts the effective implementation of minimum wage policies.	Osun	79 (24.8%)	**82 (25.7%)**	14 (4.3%)	71 (22.3%)	73 (22.9%)	319 (100%)	Agreed

		Lagos	4 (14.3%)	2 (7.1%)	0 (%)	**13 (46.4%)**	9 (32.2%)	28 (100%)	Disagreed
4	Inadequate resource allocation for the implementation and enforcement of minimum wage policies is a significant barrier.	Osun	**87 (29.8%)**	82 (29.2%)	9 (7.8%)	69 (18.5%)	72 (14.7%)	319 (100%)	Strongly Agreed
		Lagos	5 (17.7%)	2 (7.2%)	2 (7.2%)	**11 (39.3%)**	8 (28.6%)	28 (100%)	Disagreed
5	The willingness of government officials to prioritize minimum wage implementation affects its success.	Osun	79 (24.7%)	**83 (26.1%)**	17 (5.3%)	69 (21.6%)	71 (22.3%)	319 (100%)	Agreed
		Lagos	9 (32.1%)	**11 (39.3%)**	1 (3.6%)	4 (14.3%)	3 (10.7%)	28 (100%)	Agreed

How has minimum wage increases impacted the welfare of civil servants during Nigeria's Fourth Republic?									
6	Increases in the minimum wage have significantly improved the living standards of civil servants.	Osun	63 (19.8%)	65 (20.4%)	9 (2.8%)	90 (28.2%)	**92 (28.8%)**	319 (100%)	Disagreed
		Lagos	6 (21.4%)	8 (28.6%)	1 (3.6%)	8 (28.6%)	**9 (32.1%)**	28 (100%)	Strongly Disagreed
7	The recent increases in the minimum wage have reduced financial stress for civil servants.	Osun	77 (24.2%)	47 (14.7%)	3 (0.9%)	86 (26.9%)	**106 (33.2%)**	319 (100%)	Strongly Disagreed
		Lagos	3 (10.7%)	5 (17.9%)	0 (%)	8 (28.5%)	**12 (42.9%)**	28 (100%)	Strongly Disagreed
8	Minimum wage increases have improved civil servants' ability to access basic needs (e.g., food, housing, healthcare)	Osun	70 (21.9%)	69 (21.6%)	9 (2.8%)	85 (26.7%)	**86 (26.9%)**	319 (100%)	Strongly Disagreed

		Lagos	2 (7.1%)	5 (17.9%)	1 (3.5%)	8 (28.6%)	**12** **(42.9%)**	28 (100%)	Strongly Disagreed
9	The increase in minimum wage has contributed to a reduction in poverty levels among civil servants.	Osun	72 (22.6%)	75 (23.5%)	11 (3.4%)	79 (24.8%)	**82** **(25.7%)**	319 (100%)	Strongly Disagreed
		Lagos	2 (7.1%)	9 (32.1%)	1 (3.6%)	5 (17.9%)	**11** **(39.3%)**	28 (100%)	Strongly Disagreed
10	The recent increases in the minimum wage have ensured fairer compensation	Osun	63 (19.8%)	60 (18.8%)	19 (5.9%)	86 (26.9%)	**91** **(28.6%)**	319 (100%)	Strongly Disagreed
		Lagos	4 (14.2%)	7 (25.0%)	3 (10.7%)	**9** **(32.2%)**	5 (17.9%)	28 (100%)	Disagreed

Source: Fieldwork, 2024

Discussion of Findings

Table 4 demonstrates affirmation responses regarding the opinions of respondents on minimum wage increases and civil servants' welfare in Nigeria’s fourth republic. However, the research findings reveal that economic constraints such as budget limitations and inflation significantly hinder the implementation of the minimum wage in both Osun and Lagos states. The data from the study indicates that a significant number of respondents from both states agree that these constraints that it’s a major challenge in executing minimum wage policies. In Osun State**,** among the respondents, 164 (51.5%) agreed that economic constraints hinder the implementation of the minimum wage. Similarly, in Lagos, 18 (64.3%) respondents agreed that budget and inflation issues hinder minimum wage implementation. Moreover, a study by Neumark and Wascher (2008) highlighted that inflation would erode the purchasing power of wages if not properly adjusted to reflect the cost of living. The research findings show that many respondents from Osun and Lagos agree that inflation is a significant barrier to effective minimum wage implementation. As inflation increases, the real value of wages diminishes, making it harder for governments to provide a wage that meets the cost of living.

Lack of Administrative Capacity as a Major Obstacle to Implementing Minimum Wage Effectively: The findings from Osun and Lagos state it’s two sides of the same coin**.** A total of 154 respondents (61.8%) in Osun agree that the lack of administrative shortcomings are critical barrier to effective minimum wage implementation while the respondents disagreed that the lack of administrative capacity, such as enforcement mechanisms, is a major obstacle to implementing the minimum wage effectively, a total of 18 (64.3%) disagreement with the statement. The above result is in line with the view of Freeman (1996) highlights that minimum wage policies are aimed at achieving social equity but their effectiveness hinges on both economic resources and administrative strength.

Poor management in government agencies negatively impacts the effective implementation of minimum wage policies: In Osun**,** a substantial proportion of respondents 161 (50.5%) agreed that poor management in government agencies hinders the effective implementation of minimum wage policies while in Lagos**,** the picture is varied, a notable number of respondents 22 (78.6%) disagreed that poor government management is a problem. Stigler (1996) notes that the successful implementation of wage laws often depends on the capacity and management efficiency of government institutions.

Inadequate resource allocation for the implementation and enforcement of minimum wage policies is a significant barrier: The total number of 169 (59%) respondents from Osun agreed that inadequate resource allocation is a significant barrier. This suggests that respondents interpret the state's inability to allocate sufficient funds and resources as a primary reason for the failure to effectively implement minimum wage policies. Osun, known for its financial difficulties and challenges in meeting payroll obligations, including delayed or partial salary payments, reflects the critical role that proper funding plays in wage enforcement. While Lagos respondents disagreed, with 67.9% (19 respondents). The quantitative data reveals that inadequate funding and resources are key barriers to the effective implementation of minimum wage policies, especially in financially constrained states like Osun, where respondents overwhelmingly agreed on this issue. This supports Freeman's (1996) argument that sufficient resource allocation is essential for enforcing labour laws. Without it, monitoring, enforcement, and compliance efforts falter. In contrast, Lagos respondents were less unified in this view, due to Lagos' higher internally generated revenue (IGR)**,** which alleviates some of the resource challenges faced by states like Osun, allowing for comparatively smoother wage implementation efforts.

The willingness of government officials to prioritize minimum wage implementation affects its success: In Osun, a considerable proportion of 162 (50.8%) respondents expressed agreement on the importance of government commitment to enforcing wage policies, indicating that effective governance and political will are crucial for the success of minimum wage laws while Lagos state with 20 (71.4%) respondents also agreed that the willingness of government officials to prioritize the implementation of minimum wage laws significantly affects its success. Scholarly literature, such as the work by Stigler (1996)**,** supports this notion, positing that successful wage law enforcement is deeply intertwined with the management efficiency and commitment of government institutions. When government officials prioritise minimum wage policies, it fosters an environment where compliance, monitoring, and enforcement mechanisms are more likely to function effectively. Conversely, a lack of political would lead to negligence.

Increases in the minimum wage have significantly improved the living standards of civil servants: The quantitative data shows that respondents from both Osun and Lagos largely disagreed with the notion that increases in the minimum wage have significantly improved the living standards of civil servants.

In Osun, 182 respondents (57.0%) disagreed, while in Lagos, 17 respondents (60.7%) expressing disagreed. This notion is a perception that minimum wage adjustments have not substantially impacted the welfare of civil servants, potentially due to inadequate enforcement, delayed payments, or inflation eroding wage gains. Such perceptions align with findings in the literature, including Freeman (1996), who argues that the effectiveness of wage increases is often undermined when government prioritization and resource allocation are insufficient.

The recent increases in the minimum wage have reduced financial stress for civil servants: The data shows that a significant majority of respondents from both Osun and Lagos strongly disagreed with the statement that recent minimum wage increases have reduced financial stress for civil servants. In Osun, 192 respondents (60.1%) disagreed, while in Lagos, 20 respondents (71.4%) expressed strong disagreement. This consensus tips that recent wage adjustments have not been sufficient to alleviate financial pressures among civil servants, likely due to inflation or inadequate wage increases relative to living costs. This finding is consistent with scholarly perspectives, such as Freeman (1996), who notes that wage increases may fail to improve financial well-being if they do not keep pace with economic conditions, underscoring the importance of regular adjustments aligned with cost-of-living changes.

Minimum wage increases have improved civil servants' ability to access basic needs (e.g., food, housing, healthcare): The data reveals strong disagreement among respondents from both Osun and Lagos regarding the impact of minimum wage increases on civil servants' ability to meet basic needs such as food, housing, and healthcare. In Lagos, 20 respondents (71.6%) and in Osun, 171 respondents (53.6%) disagreed with the assertion, indicating a shared perception that recent wage hikes have not significantly improved access to essential resources. This affirms that despite wage adjustments, the increases fall short of covering rising living costs, leaving many civil servants still unable to secure basic necessities. This aligns with Stigler's (1996) view that wage laws are often insufficient if not adjusted to meet the evolving economic landscape, particularly in inflation-prone environments.

The increase in the minimum wage has contributed to a reduction in poverty levels among civil servants: The data illustrates a strong disagreement among respondents from both Osun and Lagos on whether the minimum wage increase has effectively reduced poverty levels among civil servants. In Lagos, 16 respondents (57.2%) and in Osun, 161 respondents (50.5%) disagreed with this notion, which affirms that the wage increase has not substantially impacted poverty reduction. This perspective highlights the limitations of the minimum wage in bridging the gap between wages and the actual cost of living, particularly given inflation and economic pressures. This aligns with findings from scholars such as Neumark and Wascher (2008), who argue that minimum wage increases may not effectively reduce poverty if the adjustments do not keep pace with the cost of living, especially for lower-income earners in public service roles.

The recent increases in minimum wage have ensured fairer compensation: The responses from both Osun and Lagos indicate a predominant view that recent minimum wage increases have not ensured fairer compensation for civil servants. In Lagos, 14 respondents (50.1%) disagreed, while in Osun, 177 respondents (55.5%) also disagreed with the statement, suggesting that workers feel their compensation does not align with the cost of living or work demands. As noted by Stigler (1996) and Freeman (1996), who argue that wage increases alone may fall short of ensuring fair compensation if they do not account for inflation and economic context. The data implies that minimum wage adjustments must be carefully aligned with broader economic factors to meaningfully impact perceived fairness in compensation.

5.0 Conclusion and recommendations

The study concluded by highlighting critical challenges facing the implementation of minimum wage policies in Nigeria's Fourth Republic, particularly in Osun and Lagos states. Economic constraints, including budget limitations and inflation, emerged as significant barriers, with a majority of respondents acknowledging their impact on the effective execution of minimum wage policies. Inflation erodes purchasing power, underscoring the importance of regular adjustments aligned with the cost of living, as noted in related literature.

In Lagos State, the findings revealed that the state's robust internally generated revenue (IGR) has enabled it to implement higher minimum wage levels—₦85,000—beyond the federally approved ₦70,000. Respondents in Lagos acknowledged that this has contributed to relatively better welfare for civil servants compared to other states, as many have reported improvements in living standards, timely payment of salaries, and reduced financial strain. However, some respondents also noted that even with the increased wage, rising inflation and the high cost of living in Lagos mitigate the benefits of these wage adjustments.

Conversely, in Osun State, findings painted a starkly different picture. The state's limited fiscal capacity and heavy reliance on federal allocations have hindered the effective implementation of the minimum wage. Although Osun recently approved the ₦75,000 minimum wage, many respondents expressed scepticism about the state's ability to sustain this policy, given its history of delayed salary payments and resource allocation challenges. Respondents highlighted that civil servants in Osun continue to struggle with financial hardship, with wages often failing to cover basic needs such as food, healthcare, and housing.

Administrative capacity and resource allocation shortfalls were identified as obstacles in both states, though their severity varied. In Lagos, better administrative systems and financial resources have enabled a relatively smooth implementation of wage policies, though challenges like inflation and living costs persist. In Osun, poor management, inadequate funding, and inefficiencies in policy enforcement were seen as key factors undermining the intended benefits of wage increases. While minimum wage increases are intended to alleviate financial strain, most respondents from both states expressed doubt about their overall effectiveness in significantly improving living standards. In Osun, the impact has been negligible due to fiscal constraints, while in Lagos, the benefits are moderated by the high cost of living.

The study's findings reveal that without substantial government commitment, innovative revenue-generation strategies, and administrative reforms, minimum wage increases alone cannot address poverty among civil servants. This underscores the need for a holistic approach that includes economic reforms to boost state revenue, inflation control measures, and robust policy enforcement mechanisms to create sustainable improvements in worker welfare.

The following recommendations draw from the study's findings:

a. Both federal and state governments should strictly adhere to the mandated five-year review cycle for minimum wage adjustments. This ensures that wages reflect inflation and cost-of-living changes, allowing workers to maintain a dignified standard of living. This is particularly crucial for Osun, which requires federal support to implement the reviews consistently.

b. State governments should allocate specific budgetary provisions to accommodate wage increases following periodic reviews. For Osun, such proactive financial planning will prevent delays and ensure timely implementation, improving civil servants' welfare.
c. Enhanced administrative efficiency, accountability, and training are essential to effectively implement wage adjustments. Osun must focus on building administrative capacity to bridge its implementation gaps, as this was identified as a critical issue in the study findings.
d. Governments should establish systems to monitor compliance with minimum wage policies, including wage audits, feedback channels, and partnerships with labour unions. This will ensure accountability and transparency in both Lagos and Osun.
e. Involving labour unions, economic experts, and other key stakeholders in the wage review process fosters equitable and sustainable policies. This practice is critical for addressing implementation challenges in Osun, as highlighted by the findings.
f. Policymakers must demonstrate political will to uphold the wage review process and ensure timely implementation. This recommendation aligns with the study's finding that the lack of government prioritization hinders the success of wage policies.

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